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ORDERLY LIQUIDATION OF STOCKS OF AGRICULTURAL COMMODITIES HELD  
BY THE COMMODITY CREDIT CORPORATION AND THE EXPANSION OF MARKETS  
FOR SURPLUS AGRICULTURAL COMMODITIES

An Annual Report by the Secretary of Agriculture in response to  
Section 201 (b), Public Law 540, 84th Congress

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Washington, D.C.

December 1964



This report is in response to the following parts of Section 201 (b), Public Law 540, 84th Congress, approved May 28, 1956:

" . . . The Secretary shall report annually on his operations under subsection (a) and such reports shall show--

- (1) the quantities of surplus commodities on hand;
- (2) the methods of disposition utilized and the quantities disposed of during the preceding twelve months;
- (3) the methods of disposition to be utilized and the estimated quantities that can be disposed of during the succeeding twelve months;
- (4) a detailed program for the expansion of markets for surplus agricultural commodities through marketing and utilization research and improvement of marketing facilities; and
- (5) recommendations for additional legislation necessary to accomplish the purposes of this section."

NOTE: Parts I, II and IV were written and compiled by the Office of the General Sales Manager, Foreign Agricultural Service on the basis of official figures furnished by the Fiscal and Budget Divisions of the Agricultural Stabilization and Conservation Service.

The topical sections of Part III were written by various agencies of the Departments as indicated below:

Utilization Research and Development - Agricultural  
Research Service  
Expanding Domestic Markets - Economic Research Service  
Improvement of Marketing Facilities - Agricultural  
Marketing Service  
Economic Research and Promotion of Exports - Foreign  
Agricultural Service and Economic Research Service  
Farmer Cooperatives - Farmer Cooperative Service  
Forest Products Marketing and Utilization Research -  
Forest Service



## CONTENTS

Page

### PART I

|  |   |
|--|---|
| The Quantities of Surplus Commodities on Hand;<br>Sales and Disposition Methods Used, and Quantities<br>of CCC Commodities Moved into Consumption Channels . . . | 1 |
|--|---|

|   |    |
|---|----|
| CCC's Price Support Investment . . . . .          | 1  |
| CCC Sales Programs and Disposal Methods . . . . . | 1  |
| 1. Dollar Sales . . . . .                         | 10 |
| 2. Payment-in-Kind Programs . . . . .             | 14 |
| 3. Barter . . . . .                               | 14 |
| 4. Sales for Foreign Currencies . . . . .         | 15 |
| 5. Transfers and Donations . . . . .              | 15 |

### PART II

|   |    |
|---|----|
| The Methods of Dispositions to be Utilized and<br>the Estimated Quantities That Can Be Sold or<br>Disposed of During the Succeeding Twelve Months . . . | 16 |
|---|----|

|   |    |
|---|----|
| Explanation of Commodity Tables . . . . . | 17 |
|---|----|

|  |    |
|--|----|
| Cotton . . . . .                               | 18 |
| Wheat . . . . .                                | 19 |
| Wheat Flour . . . . .                          | 20 |
| Rolled Wheat . . . . .                         | 21 |
| Bulgur . . . . .                               | 22 |
| Corn . . . . .                                 | 23 |
| Cornmeal . . . . .                             | 24 |
| Grain Sorghums . . . . .                       | 25 |
| Barley . . . . .                               | 26 |
| Oats . . . . .                                 | 27 |
| Rye . . . . .                                  | 28 |
| Rice . . . . .                                 | 29 |
| Dry Edible Beans . . . . .                     | 30 |
| Soybeans . . . . .                             | 31 |
| Flaxseed . . . . .                             | 32 |
| Edible Oils (Soybean and Cottonseed) . . . . . | 33 |
| Peanuts . . . . .                              | 34 |
| Butter and Butter Oil . . . . .                | 35 |
| Cheese and Ghee . . . . .                      | 36 |
| Nonfat Dry Milk . . . . .                      | 37 |
| Milk, Fluid . . . . .                          | 38 |
| Linseed Oil . . . . .                          | 39 |
| Tung Oil . . . . .                             | 40 |
| Honey . . . . .                                | 41 |
| Tobacco . . . . .                              | 42 |

## CONTENTS (CONT'D)

Page

### PART III

|  |    |
|--|----|
| A Detailed Program For the Expansion of Markets<br>for Surplus Agricultural Commodities Through<br>Marketing And Utilization Research and Im-<br>provement of Marketing Facilities . . . . . | 43 |
| Utilization Research and Development . . . . .   | 43 |
| Examples of Recent Utilization   |    |
| Research Accomplishments . . . . .   | 48 |
| Expanding Domestic Markets . . . . .   | 52 |
| Improvement of Marketing Facilities . . . . .  | 56 |
| Promotion of Exports . . . . .   | 58 |
| Farmer Cooperatives . . . . .  | 60 |
| Forest Products Marketing<br>and Utilization Research . . . . .  | 62 |

### PART IV

|   |    |
|---|----|
| Recommendations for Additional Legislation<br>Necessary to Accomplish the Purposes<br>of this Section . . . . . | 65 |
| APPENDIX I - Legislative Authorities for CCC<br>Disposition Methods . . . . .                                   | 66 |
| 1. Dollar Sales . . . . .   | 66 |
| 2. Barter . . . . .   | 73 |
| 3. Sales for Foreign Currencies . . . . .   | 74 |
| 4. Transfers and Donations . . . . .  | 75 |
| 5. Payment-in-Kind Programs . . . . .   | 77 |



## PART I

### QUANTITIES OF SURPLUS COMMODITIES ON HAND; SALES AND DISPOSITION METHODS USED; AND QUANTITIES OF CCC COMMODITIES MOVED INTO CONSUMPTION CHANNELS

The total cost value of CCC price support inventories decreased from \$4.7 billion as of June 30, 1963 to \$4.3 billion as of June 30, 1964. During the Fiscal Year 1964 CCC sold or otherwise disposed of commodities with a cost value of \$2.7 billion (excludes inventory carrying charges) as compared with \$2.6 billion in Fiscal Year 1963. Sales of corn, grain sorghums, soybeans, and turpentine were below last year's level. However, sales of cotton, wheat, butter, and non-fat dry milk exceeded sales for the Fiscal Year 1963.

### CCC'S PRICE SUPPORT INVESTMENT

CCC's investment in price support loans and inventories totaled \$7,097,927,000 as of June 30, 1964, down about \$159,000,000 from the total investment last year of \$7,256,552,000. Commodities pledged for loans increased from \$2,530,629,000 to \$2,759,652,000 (see Table 1 which shows total CCC investment in commodities pledged for loans and commodities in inventory as of June 30, 1964).

Composition of the total CCC inventory and changes in the inventory from Fiscal Year 1960 through 1964 are shown in Table 2.

CCC inventories of upland cotton increased from 4,136,000 bales in 1963 to 4,403,000 bales in 1964. Corn increased from 492,124,000 bushels to 735,390,000 bushels. Wheat dropped from 1,082,464,000 bushels to 828,851,000 bushels. Stocks of butter, cheese, non-fat dry milk, and soybeans were reduced. Tobacco under loan increased from 609,453,000 pounds to 942,544,000 pounds. During the year CCC moved out of inventory all of its rosin. Most of CCC inventories of vegetable oil and rye were moved out of inventory during Fiscal Year 1964.

### CCC SALES PROGRAMS AND DISPOSAL METHODS

CCC sells or otherwise disposes of its commodities through five major outlets: Commercial Sales for U.S. Dollars, Payment-in-Kind Programs, Barter, Sales for Foreign Currencies and Dollars under Public Law 480, Transfers and Donations. In its sales and disposal operations, CCC utilizes, insofar as practicable,

the customary facilities and arrangements of trade and commerce. Under the above programs CCC has developed various sales methods which are summarized by commodity in Table 3.

Composition of these sales and dispositions for Fiscal Year 1964 are shown in Table 4.

Tobacco price support activity for Fiscal Year 1964 including sales and liquidation of tobacco under loan are shown in Table 5.

Table 1

**QUANTITY AND INVESTMENT VALUE OF COMMODITIES PLEDGED FOR  
OUTSTANDING LOANS AND COMMODITIES IN PRICE SUPPORT INVENTORY  
AS OF JUNE 30, 1964 AND JUNE 30, 1963**

| COMMODITY                               | Unit of Measure | (All Figures in Thousands) |             |              |             | INVESTMENT AS OF JUNE 30, 1964 a/ |             | INVESTMENT AS OF JUNE 30, 1963 |             |
|---|-----------------|----------------------------|-------------|--------------|-------------|-----------------------------------|-------------|--------------------------------|-------------|
|   |                 | Pledged for Loans          |             | In Inventory |             | Total                             |             | As of June 30, 1963            |             |
|   |                 | Quantity                   | Value       | Quantity     | Value b/    | Quantity                          | Value       | Quantity                       | Value b/    |
| <b>Basic Commodities:</b>               |                 |                            |             |              |             |                                   |             |                                |             |
| Corn                                    | Bushels         | 714,251                    | \$759,018   | 735,390      | \$906,457   | 1,449,641                         | \$1,665,475 | 1,418,690                      | \$1,647,811 |
| Corn Products                           | Pounds          | -                          | -           | 683          | 23          | 683                               | 23          | -                              | -           |
| Cotton, Extra Long Staple               | Bales           | 105                        | 27,282      | 37           | 9,811       | 142                               | 37,093      | 42                             | 11,023      |
| Cotton, Upland                          | Bales           | 6,156                      | 984,501     | 4,403        | 728,918     | 10,559                            | 1,713,419   | 8,922                          | 1,458,628   |
| Peanuts                                 | Pounds          | 7,782                      | 1,012       | 67,037       | 11,169      | 74,819                            | 12,181      | 74,050                         | 12,220      |
| Rice                                    | Cwt.            | 29                         | 147         | 1,590        | 8,359       | 1,619                             | 8,506       | 1,853                          | 9,925       |
| Tobacco                                 | Pounds          | 942,544                    | 666,881     | 828,851      | -           | 942,544                           | 666,881     | 609,453                        | 437,433     |
| Wheat                                   | Bushels         | 61,993                     | 114,510     | 407          | 1,683,104   | 890,844                           | 1,797,614   | 1,162,616                      | 2,328,598   |
| Wheat, Rolled                           | Pounds          | -                          | -           | 3,487        | 19          | 407                               | 19          | -                              | -           |
| Wheat Flour                             | Pounds          | -                          | -           | 78           | 182         | 3,487                             | 182         | -                              | -           |
| Bulgur                                  | Pounds          | -                          | -           | 78           | 4           | 78                                | 4           | 4,854                          | 264         |
| Total Basic Commodities                 |                 |                            | 2,553,351   |              | 3,348,046   |                                   | 5,901,397   |                                | 5,905,902   |
| <b>Designated Nonbasic Commodities:</b> |                 |                            |             |              |             |                                   |             |                                |             |
| <b>Milk and Butterfat</b>               |                 |                            |             |              |             |                                   |             |                                |             |
| Butter                                  | Pounds          | -                          | -           | 183,269      | 106,450     | 183,269                           | 106,450     | 379,846                        | 220,837     |
| Butter Oil                              | Pounds          | -                          | -           | 21,040       | 16,298      | 21,040                            | 16,298      | 90,959                         | 72,190      |
| Cheese                                  | Pounds          | -                          | -           | 33,062       | 12,522      | 33,062                            | 12,522      | 51,420                         | 19,300      |
| Ghee                                    | Pounds          | -                          | -           | 1,589        | 1,231       | 1,589                             | 1,231       | 2,170                          | 1,751       |
| Milk, Dried                             | Pounds          | -                          | -           | 249,701      | 37,752      | 249,701                           | 37,752      | 706,776                        | 104,268     |
| Barley                                  | Bushels         | 20,119                     | 15,570      | 27,908       | 24,659      | 48,027                            | 40,229      | 66,414                         | 56,681      |
| Grain Sorghums                          | Bushels         | 32,602                     | 32,278      | 637,585      | 708,806     | 670,187                           | 741,084     | 660,002                        | 722,073     |
| Honey                                   | Pounds          | 1,025                      | 130         | -            | -           | 1,025                             | 130         | 619                            | 79          |
| Oats                                    | Bushels         | 38,813                     | 21,908      | 33,190       | 19,896      | 72,003                            | 41,804      | 41,961                         | 23,733      |
| Rye                                     | Bushels         | 48                         | 52          | 766          | 825         | 814                               | 877         | 1,792                          | 1,828       |
| Tung Oil                                | Pounds          | 14,926                     | 3,618       | -            | -           | 14,926                            | 3,618       | 736                            | 177         |
| Total Designated Nonbasic Commodities   |                 |                            | 73,556      |              | 928,439     |                                   | 1,001,995   |                                | 1,222,917   |
| <b>Other Nonbasic Commodities:</b>      |                 |                            |             |              |             |                                   |             |                                |             |
| Beans, Dry Edible                       | Cwt.            | 261                        | 1,630       | 1,426        | 10,516      | 1,687                             | 12,146      | 1,172                          | 8,806       |
| Cottonseed Oil, Refined                 | Pounds          | -                          | -           | 79,210       | 8,713       | 79,210                            | 8,713       | 1,268                          | 220         |
| Cottonseed Oil, Refined (Saled Oil)     | Pounds          | -                          | -           | 22           | 4           | 22                                | 4           | -                              | -           |
| Flaxseed                                | Bushels         | 120                        | 341         | 10,616       | 31,429      | 10,736                            | 31,770      | 5,446                          | 16,125      |
| Linseed Oil                             | Pounds          | -                          | -           | 21,000       | 2,472       | 21,000                            | 2,472       | -                              | -           |
| Naval Stores:                           |                 |                            |             |              |             |                                   |             |                                |             |
| Rosin                                   | Pounds          | 287,014                    | 30,039      | -            | -           | 287,014                           | 30,039      | 190,640                        | 19,786      |
| Turpentine                              | Gallons         | -                          | -           | -            | -           | -                                 | -           | 826                            | 434         |
| Soybeans                                | Bushels         | 45,334                     | 100,735     | 19           | 41          | 45,353                            | 100,776     | 30,767                         | 68,934      |
| Vegetable Oil Products                  | Pounds          | -                          | -           | 2,725        | 408         | 2,725                             | 408         | 17,362                         | 2,941       |
| Total Other Nonbasic Commodities        |                 |                            | 132,745     |              | 53,583      |                                   | 186,328     |                                | 117,246     |
| <b>Exchange Commodities:</b>            |                 |                            |             |              |             |                                   |             |                                |             |
| Strategic and Critical Materials:       |                 |                            |             |              |             |                                   |             |                                |             |
| TOTAL                                   |                 |                            | \$2,759,652 |              | \$4,338,275 |                                   | \$7,097,927 |                                | \$7,256,552 |

a/ Investment value before deduction of reserve for losses.

b/ Investment value of inventory represents acquisition cost plus cost of any packaging or processing performed after acquisition.

Table 2

COMMODITIES IN CCC INVENTORY AND TOBACCO UNDER LOAN TO CCC  
AS OF JUNE 30  
(All figures in Thousands)

| Commodity                 | Unit of Measure | CCC Inventories |                                      |           |           |
|---------------------------|-----------------|-----------------|--------------------------------------|-----------|-----------|
|                           |                 | 1960            | 1961                                 | 1962      | 1963      |
| Cotton, Extra Long Staple | Bales           | 44              | 43                                   | 14        | 16        |
| Cotton, Upland            | Bales           | 5,017           | 1,932                                | 1,449     | 4,136     |
| Wheat                     | Bushels         | 1,195,369       | 1,242,518                            | 1,096,620 | 1,082,464 |
| Wheat Flour               | Pounds          | --              | 80                                   | --        | --        |
| Wheat, Rolled             | Pounds          | --              | --                                   | --        | --        |
| Bulgur                    | Pounds          | --              | --                                   | 2,255     | 4,854     |
| Corn                      | Bushels         | 1,158,237       | 1,261,016                            | 658,805   | 492,124   |
| Corn Products             | Pounds          | --              | --                                   | 1,079     | --        |
| Barley                    | Bushels         | 71,051          | 53,769                               | 34,092    | 46,976    |
| Oats                      | Bushels         | 15,096          | 10,358                               | 16,744    | 18,623    |
| Rye                       | Bushels         | 5,318           | 4,323                                | 2,617     | 1,563     |
| Grain Sorghums            | Bushels         | 570,146         | 700,555                              | 687,101   | 633,413   |
| Butter                    | Pounds          | 105,357         | 159,531                              | 401,030   | 379,846   |
| Butter Oil                | Pounds          | --              | --                                   | --        | 90,959    |
| Ghee                      | Pounds          | --              | --                                   | --        | 2,170     |
| Cheese                    | Pounds          | 7,728           | 17,673                               | 106,055   | 51,420    |
| Milk, Dried Non-fat       | Pounds          | 299,886         | 307,018                              | 626,052   | 706,776   |
| Beans, Dry Edible         | Cwt.            | 150             | 1,206                                | 2,631     | 1,168     |
| Rice, Milled              | Cwt.            | 1,575           | 76                                   | 179       | 14        |
| Rice, Rough               | Cwt.            | 5,013           | 4,216                                | 135       | 1,796     |
| Peanuts, Farmers' Stock   | Pounds          | 16,644          | 16,546                               | --        | 6,937     |
| Peanuts, Shelled          | Pounds          | 103,762         | 70,188                               | 4,431     | 66,944    |
| Tung Oil                  | Pounds          | 18,593          | 4,828                                | --        | --        |
| Cottonseed Oil, Refined   | Pounds          | --              | --                                   | --        | 1,268     |
| Linseed Oil               | Pounds          | 27              | --                                   | --        | --        |
| Flaxseed                  | Bushels         | 67              | 1                                    | --        | 5,327     |
| Soybeans                  | Bushels         | 20,380          | 1                                    | 51,631    | 3,182     |
| Vegetable Oil Products    | Pounds          | --              | --                                   | 93,772    | 17,362    |
| Turpentine                | Gallons         | --              | --                                   | 1,730     | 826       |
| Tobacco                   | Pounds          | 667,785         | Tobacco Under Loan To CCC<br>609,524 | 451,079   | 609,453   |
|                           |                 |                 |                                      |           | 942,544   |



# **QUANTITIES OF SELECTED COMMODITIES IN CCC INVENTORY AND TOBACCO UNDER LOAN TO CCC.**

Fiscal Years 1960-64

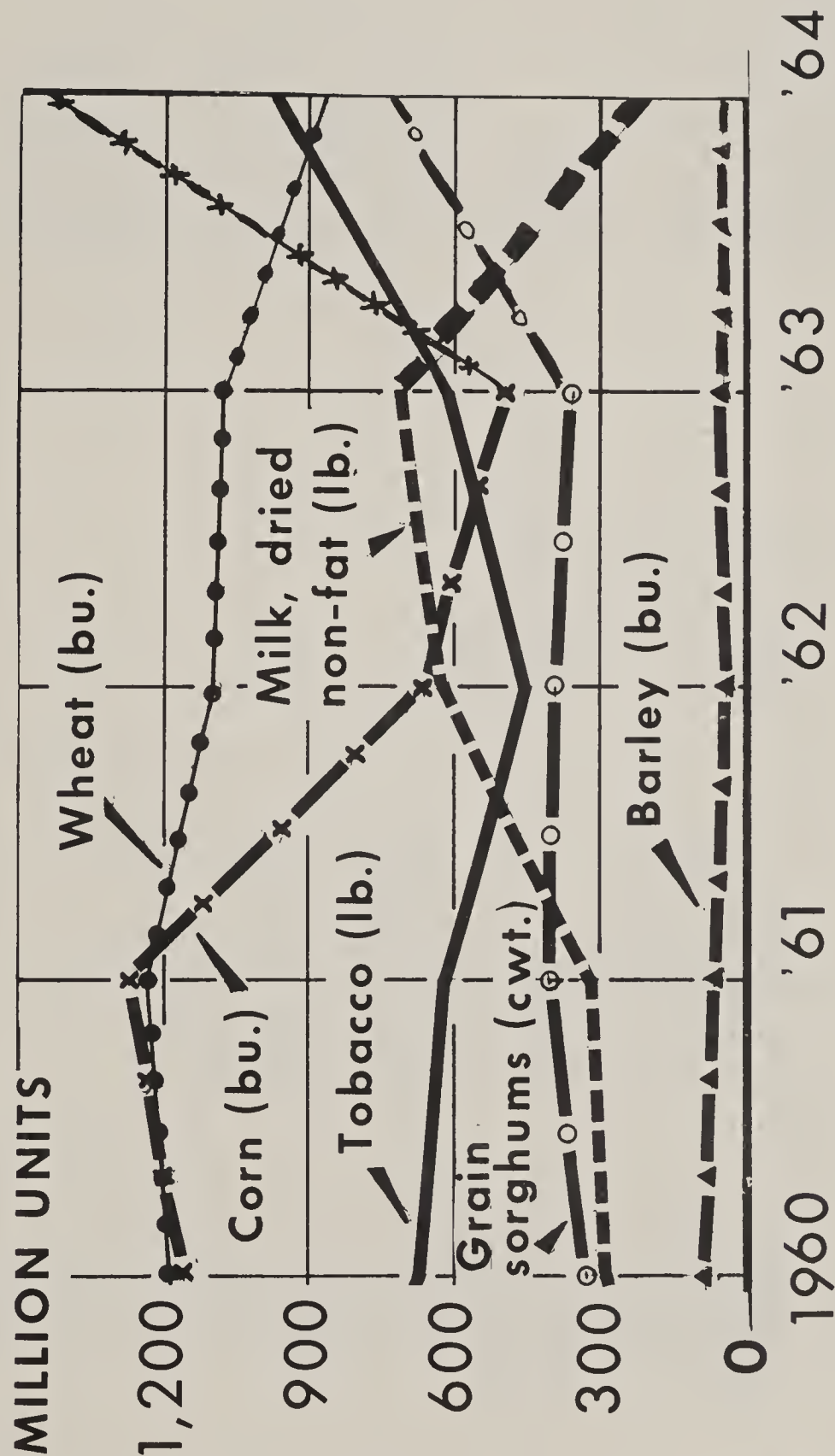


TABLE 3

## METHODS OF SELLING CCC COMMODITIES

June 30, 1964

| FOR EXPORT  |  |                 |                  | FOR UNRESTRICTED USE<br>(DOMESTIC OR EXPORT) |                                   |
|-------------|--|-----------------|------------------|--|-----------------------------------|
| Commodities | Commodities  | Commodities     | Commodities      | Commodities                                  | Commodities Offered at Not Less   |
| Offered on  | Offered at   | Purchased with  | Sold at Con-     |  | Than the Statutory Minimum Either |
| Competitive | Fixed Prices   | Payment-in-Kind | cessional Prices | 5/   | for Fixed Prices or Competitive   |
| Bids        |  | Certificates    |                  |  | Bids 1/                           |
| (1)         | (2)  | (3)             | (4)              |  | (5)                               |
| Butter      | Butter   | Barley          | Cheese           |  | Barley                            |
| Cheese      | Cheddar Cheese   | Butter          | Nonfat Dry Milk  |  | Butter                            |
| Flaxseed    | Nonfat Dry   | Cheese          | Vegetable Oil    |  | Cheese                            |
| Nonfat Dry  | Milk 6/  | Corn            | Wheat            |  | Corn                              |
| Milk        |  | Cotton (upland) |                  |  | Cotton (extra long staple) 3/     |
| Peanuts     |  | Grain Sorghums  |                  |  | Cotton (upland) 3/                |
|             |  | Nonfat Dry Milk |                  |  | Cottonseed Oils                   |
|             |  | Oats            |                  |  | Dry Edible Beans                  |
|             |  | Rough Rice 2/   |                  |  | Flaxseed                          |
|             |  | Rye             |                  |  | Grain Sorghums                    |
|             |  | Wheat           |                  |  | Milled Rice                       |
|             |  |                 |                  |  | Nonfat Dry Milk                   |
|             |  |                 |                  |  | Oats                              |
|             |  |                 |                  |  | Peanuts, Edible                   |
|             |  |                 |                  |  | Peanuts, For Crushing 4/          |
|             |  |                 |                  |  | Soybeans 4/                       |
|             |  |                 |                  |  | Rough Rice                        |
|             |  |                 |                  |  | Rye                               |
|             |  |                 |                  |  | Wheat                             |
| 1/          | Sales of commodities in danger of deterioration are made at the best price obtainable.   |                 |                  |  |                                   |
| 2/          | Sales under the Emergency Feed Grain Program are made at market price.   |                 |                  |  |                                   |
| 3/          | For export as milled, unpolished milled, or brown rice.  |                 |                  |  |                                   |
| 4/          | CCC credit had special pricing formula.  |                 |                  |  |                                   |
| 5/          | Statutory minimum not applicable when sold for crushing into oil for export.   |                 |                  |  |                                   |
| 6/          | Sales below world market prices but at best price obtainable for export under programs such as school lunch programs which do not interfere with regular dollar markets. |                 |                  |  |                                   |
|             | Discontinued May 22.   |                 |                  |  |                                   |

Table 4

DISPOSITION OF INVENTORIES ACQUIRED  
UNDER THE PRICE-SUPPORT PROGRAM BY TYPE OF DISPOSITION  
FISCAL YEAR 1964

(All figures in thousands)

| COMMODITY AND ITEM               | Unit of Measure | Total Dispositions | Sales for Dollars |           | Public Law 480 (Export) c/ |          |          |                  | Barter (Export) d/ | Payment in Kind e/ |             | Transfers to Other Government Agencies |          | Donations g/ |  |
|----------------------------------|-----------------|--------------------|-------------------|-----------|----------------------------|----------|----------|------------------|--------------------|--------------------|-------------|--|----------|--------------|--|
|                                  |                 |                    | Domestic a/       | Export b/ | Title I                    | Title II | Title IV | Unrestricted Use |                    | Export             | Domestic f/ | Export                                 | Domestic | Export       |  |
| BASIC COMMODITIES:               |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Corn:                            |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Bushel          | 196,895            | 36,086            | 19,609    | 8,151                      | 4,066    | 592      | 5,269            | 110,706            | 11,048             | 69          | -                                      | 11       | 1,288        |  |
| Cost Value.....                  |                 | \$ 236,320         | 43,625            | 23,533    | 9,783                      | 5,420    | 710      | 6,323            | 131,887            | 13,258             | 82          | -                                      | 20       | 1,679        |  |
| Proceeds.....                    |                 | \$ 243,433         | 36,949            | 27,341    | 14,986                     | 8,409    | 1,135    | 7,173            | 132,710            | 14,621             | 109         | -                                      | -        | -            |  |
| Corn Products:                   |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 596,074            | 10*               | -         | -                          | 6,305    | -        | -                | -                  | -                  | -           | -                                      | 162,798  | 426,981      |  |
| Cost Value.....                  |                 | \$ 22,023          | 1/                | -         | -                          | 230      | -        | -                | -                  | -                  | -           | -                                      | 5,921    | 15,872       |  |
| Proceeds.....                    |                 | \$ 236             | 1                 | -         | -                          | 235      | -        | -                | -                  | -                  | -           | -                                      | -        | -            |  |
| Cotton, Extra Long Staple:       |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Bale            | 1/                 | 1/                | -         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | 1/       | -            |  |
| Cost Value.....                  |                 | \$ 1               | 1/                | -         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | 1        | -            |  |
| Proceeds.....                    |                 | \$ 1/              | 1/                | -         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | -        | -            |  |
| Cotton, Upland:                  |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Bale            | 4,451              | 23                | 3,419     | 693                        | -        | 1/       | 214              | 31                 | 71                 | -           | -                                      | 1/       | -            |  |
| Cost Value.....                  |                 | \$ 740,235         | 3,643             | 568,603   | 115,202                    | -        | 71       | 35,596           | 5,189              | 11,926             | -           | -                                      | 5        | -            |  |
| Proceeds.....                    |                 | \$ 563,511         | 2,553             | 392,348   | 129,061                    | -        | 81       | 25,795           | 5,072              | 8,601              | -           | -                                      | -        | -            |  |
| Peanuts, Farmers' Stock:         |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 7,075              | 7,070             | -         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | 5        | -            |  |
| Cost Value.....                  |                 | \$ 774             | 772               | -         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | 2        | -            |  |
| Proceeds.....                    |                 | \$ 363             | 360               | 3         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | -        | -            |  |
| Peanuts, Shelled:                |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 67,792             | 56,785            | 10,982    | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | 25       | -            |  |
| Cost Value.....                  |                 | \$ 10,786          | 8,972             | 1,810     | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | 4        | -            |  |
| Proceeds.....                    |                 | \$ 4,407           | 3,456             | 951       | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | -        | -            |  |
| Peanut Butter:                   |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 1,012              | 1/                | -         | -                          | -        | -        | -                | -                  | -                  | 1,012       | -                                      | -        | -            |  |
| Cost Value.....                  |                 | \$ 297             | 1/                | -         | -                          | -        | -        | -                | -                  | -                  | 297         | -                                      | -        | -            |  |
| Proceeds.....                    |                 | \$ 215             | -                 | -         | -                          | -        | -        | -                | -                  | -                  | 215         | -                                      | -        | -            |  |
| Rice, Milled:                    |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Cwt.            | 1,401              | 2                 | -         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | 1,395    | 4            |  |
| Cost Value.....                  |                 | \$ 13,869          | 24                | -         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | 13,807   | 38           |  |
| Proceeds.....                    |                 | \$ 30              | 40                | -         | -                          | 10*      | -        | -                | -                  | -                  | -           | -                                      | -        | -            |  |
| Rice, Rough: h/                  |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Cwt.            | 982                | 396               | -         | 181                        | -        | -        | -                | -                  | 405                | -           | -                                      | -        | -            |  |
| Cost Value.....                  |                 | \$ 5,233           | 2,118             | -         | 965                        | -        | -        | -                | -                  | 2,150              | -           | -                                      | -        | -            |  |
| Proceeds.....                    |                 | \$ 5,471           | 2,306             | -         | 1,060                      | -        | -        | -                | -                  | 2,105              | -           | -                                      | -        | -            |  |
| Tobacco, Owned:                  |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 19,354             | -                 | -         | -                          | -        | -        | 19,354           | -                  | -                  | -           | -                                      | -        | -            |  |
| Cost Value.....                  |                 | \$ 11,024          | -                 | -         | -                          | -        | -        | 11,024           | -                  | -                  | -           | -                                      | -        | -            |  |
| Proceeds.....                    |                 | \$ 11,024          | -                 | -         | -                          | -        | -        | 11,024           | -                  | -                  | -           | -                                      | -        | -            |  |
| Wheat:                           |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Bushel          | 352,060            | 70,234            | 37,449    | 78,008                     | 22,434   | 2,352    | 34,678           | 8,992              | 91,956             | -           | -                                      | 5,957    | -            |  |
| Cost Value.....                  |                 | \$ 693,612         | 138,543           | 73,399    | 152,897                    | 45,940   | 4,612    | 67,970           | 17,590             | 180,234            | -           | -                                      | -        | 12,427       |  |
| Proceeds.....                    |                 | \$ 919,048         | 144,087           | 85,023    | 284,409                    | 87,331   | 8,597    | 80,782           | 19,088             | 209,731            | -           | -                                      | -        | -            |  |
| Wheat, Rolled:                   |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 112,731            | 7                 | -         | -                          | 4,869    | -        | -                | -                  | -                  | -           | -                                      | 66,621   | 41,234       |  |
| Cost Value.....                  |                 | \$ 7,018           | 1                 | -         | -                          | 227      | -        | -                | -                  | -                  | -           | -                                      | 4,283    | 2,507        |  |
| Proceeds.....                    |                 | \$ 354             | 1/                | -         | -                          | 354      | -        | -                | -                  | -                  | -           | -                                      | -        | -            |  |
| Wheat Flour:                     |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 1,986,727          | 38                | -         | -                          | 360,299  | -        | -                | -                  | -                  | -           | -                                      | 510,711  | 1,115,679    |  |
| Cost Value.....                  |                 | \$ 105,535         | 3                 | -         | -                          | 19,093   | -        | -                | -                  | -                  | -           | -                                      | 27,810   | 58,629       |  |
| Proceeds.....                    |                 | \$ 19,483          | 8                 | -         | -                          | 19,475   | -        | -                | -                  | -                  | -           | -                                      | -        | -            |  |
| Bulgur:                          |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 408,090            | 182               | -         | -                          | 83,713   | -        | -                | -                  | -                  | -           | -                                      | 6,383    | 317,812      |  |
| Cost Value.....                  |                 | \$ 22,792          | 11                | -         | -                          | 4,258    | -        | -                | -                  | -                  | -           | -                                      | 403      | 18,120       |  |
| Proceeds.....                    |                 | \$ 6,169           | 21                | -         | -                          | 6,148    | -        | -                | -                  | -                  | -           | -                                      | -        | -            |  |
| DESIGNATED NONBASIC COMMODITIES: |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Butter:                          |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 388,664            | 1,109             | 88,553    | 1,221                      | 2,375    | 1,672    | 19,411           | -                  | 232                | 4,425       | 15,331                                 | 213,559  | 40,776       |  |
| Cost Value.....                  |                 | \$ 229,545         | 647               | 51,373    | 709                        | 1,458    | 970      | 11,261           | -                  | 134                | 2,632       | 8,894                                  | 126,494  | 24,973       |  |
| Proceeds.....                    |                 | \$ 38,354          | 647               | 22,341    | 750                        | 1,632    | 1,030    | 5,034            | -                  | 63                 | 2,715       | 4,142                                  | -        | -            |  |
| Butter Oil:                      |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 138,443            | 12                | -         | -                          | 11,039   | -        | -                | -                  | -                  | -           | -                                      | 1/       | 125,352      |  |
| Cost Value.....                  |                 | \$ 108,923         | 18                | -         | -                          | 8,659    | -        | -                | -                  | -                  | -           | -                                      | 1,479    | 98,767       |  |
| Proceeds.....                    |                 | \$ 10,731          | 25*               | -         | -                          | 10,020   | -        | -                | -                  | -                  | -           | -                                      | -        | -            |  |
| Cheese:                          |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 152,288            | 1,785             | 5,051     | 360                        | 846      | -        | -                | -                  | -                  | -           | -                                      | 135,730  | 5,123        |  |
| Cost Value.....                  |                 | \$ 58,280          | 671               | 1,967     | 140                        | 321      | -        | -                | -                  | -                  | -           | -                                      | 51,940   | 1,936        |  |
| Proceeds.....                    |                 | \$ 3,654           | 740               | 984       | 144                        | 437      | -        | -                | -                  | -                  | -           | -                                      | 1,349    | -            |  |
| Ches:                            |                 |                    |                   |           |                            |          |          |                  |                    |                    |             |  |          |              |  |
| Quantity.....                    | Pound           | 7,117              | 1*                | -         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | 1/       | 7,118        |  |
| Cost Value.....                  |                 | \$ 5,593           | 1                 | -         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | 1/       | 5,592        |  |
| Proceeds.....                    |                 | \$ 1/              | 1/                | -         | -                          | -        | -        | -                | -                  | -                  | -           | -                                      | -        | -            |  |



Table 4

DISPOSITION OF INVENTORIES ACQUIRED  
UNDER THE PRICE-SUPPORT PROGRAM BY TYPE OF DISPOSITION  
FISCAL YEAR 1964

(All Figures in Thousands)

| COMMODITY AND ITEM                                  | Unit of Measure | Total Dispositions | Sales for Oilseeds |            | Public Law 480 (Export) c/ |            | Barter (Export) d/ | Payment in Kind e/ |            | Transfers to Other Government Agencies |           | Donations g/ |
|---|-----------------|--------------------|--------------------|------------|----------------------------|------------|--------------------|--------------------|------------|--|-----------|--------------|
|   |                 |                    | Domestic a/        | Export b/  | Title I                    | Title II   | Title IV           | Unrestricted Use   | Export     | Domestic f/                            | Export    |              |
| <b>DESIGNATED NONBASIC COMMODITIES: (Continued)</b> |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| <b>Milk, Fluid:</b>                                 |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Pound           | 1,288,101          | 58,798             | 300,828    | 11,021                     | 43,894     | -                  | -                  | 1,003      | 2,232                                  | -         | 180,641      |
| Cost Value.....                                     |                 | \$ 198,228         | \$ 8,736           | \$ 44,141  | \$ 1,617                   | \$ 6,795   | -                  | -                  | \$ 147     | \$ 362                                 | -         | \$ 648,620   |
| Proceeds.....                                       |                 | \$ 36,426          | \$ 6,307           | \$ 17,586  | \$ 1,721                   | \$ 7,707   | -                  | -                  | \$ 67      | \$ 385                                 | -         | \$ 100,912   |
| <b>Milk, Fluid:</b>                                 |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Pound           | 649,869            | -                  | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | 649,869      |
| Cost Value.....                                     |                 | \$ 26,515          | -                  | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | \$ 26,515    |
| Proceeds.....                                       |                 | -                  | -                  | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| <b>Barley:</b>                                      |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Bushel          | 30,295             | 5,861              | 5,569      | 7,576                      | -          | 155                | 319                | 9,634      | 8                                      | -         | -            |
| Cost Value.....                                     |                 | \$ 25,414          | \$ 4,592           | \$ 4,752   | \$ 6,465                   | -          | 133                | 242                | \$ 8,221   | \$ 8                                   | -         | -            |
| Proceeds.....                                       |                 | \$ 35,323          | \$ 4,427           | \$ 5,585   | \$ 13,579                  | -          | 259                | 326                | \$ 9,951   | \$ 13                                  | -         | -            |
| <b>Grain Sorghum:</b>                               |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Bushel          | 120,581            | 19,455             | 71,111     | 3,733                      | 1,586      | 1,160              | 15,808             | 3,517      | -                                      | -         | 283          |
| Cost Value.....                                     |                 | \$ 115,313         | \$ 18,593          | \$ 67,891  | \$ 3,564                   | \$ 6,795   | \$ 1,107           | \$ 15,197          | \$ 3,357   | -                                      | -         | \$ 268       |
| Proceeds.....                                       |                 | \$ 142,446         | \$ 18,801          | \$ 86,358  | \$ 6,373                   | \$ 2,970   | \$ 2,083           | \$ 16,284          | \$ 4,243   | -                                      | -         | -            |
| <b>Oats:</b>  |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Bushel          | 2,876              | 1,940              | -          | 91                         | -          | 91                 | 3                  | 741        | 10                                     | -         | -            |
| Cost Value.....                                     |                 | \$ 1,600           | \$ 1,120           | -          | \$ 53                      | -          | \$ 52              | 2                  | \$ 427     | \$ 6                                   | -         | -            |
| Proceeds.....                                       |                 | \$ 1,823           | \$ 1,041           | -          | \$ 146                     | -          | \$ 143             | 2                  | \$ 480     | \$ 9                                   | -         | -            |
| <b>Rye:</b>   |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Bushel          | 1,257              | 663                | -          | 229                        | -          | 4/                 | -                  | 365        | -                                      | -         | -            |
| Cost Value.....                                     |                 | \$ 1,302           | \$ 691             | -          | \$ 235                     | -          | 1/                 | -                  | \$ 376     | -                                      | -         | -            |
| Proceeds.....                                       |                 | \$ 1,677           | \$ 775             | -          | \$ 398                     | -          | 1/                 | -                  | \$ 514     | -                                      | -         | -            |
| <b>OTHER NONBASIC COMMODITIES:</b>                  |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| <b>Beans, Dry Edible:</b>                           |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Cwt.            | 1,173              | 59                 | 377        | 52                         | -          | -                  | -                  | -          | -                                      | -         | 664          |
| Cost Value.....                                     |                 | \$ 9,108           | \$ 455             | \$ 2,700   | \$ 369                     | -          | -                  | -                  | -          | -                                      | -         | \$ 5,425     |
| Proceeds.....                                       |                 | \$ 3,668           | \$ 463             | \$ 2,797   | \$ 409                     | -          | -                  | -                  | -          | -                                      | -         | \$ 157       |
| <b>Cottonseed Oil, Grade 1/</b>                     |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Pound           | 79,753             | 79,753             | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Cost Value.....                                     |                 | \$ 8,104           | \$ 8,104           | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Proceeds.....                                       |                 | \$ 8,104           | \$ 8,104           | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| <b>Cottonseed Oil, Refined: 1/</b>                  |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Pound           | 629                | 629                | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Cost Value.....                                     |                 | \$ 69              | \$ 69              | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Proceeds.....                                       |                 | \$ 68              | \$ 68              | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| <b>Cottonseed Oil, Refined (Salad Oil)</b>          |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Pound           | 8,684              | 9                  | -          | -                          | 8,000      | -                  | -                  | -          | -                                      | -         | 675          |
| Cost Value.....                                     |                 | \$ 1,505           | \$ 2               | -          | -                          | \$ 1,388   | -                  | -                  | -          | -                                      | -         | \$ 115       |
| Proceeds.....                                       |                 | \$ 1,462           | \$ 1               | -          | -                          | \$ 1,461   | -                  | -                  | -          | -                                      | -         | -            |
| <b>Flaxseed: k/</b>                                 |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Bushel          | 5,952              | 2,643              | 3,309      | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Cost Value.....                                     |                 | \$ 17,617          | \$ 7,855           | \$ 9,762   | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Proceeds.....                                       |                 | \$ 17,852          | \$ 8,153           | \$ 9,659   | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| <b>Soybeans:</b>                                    |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Bushel          | 5,123              | 5,123              | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Cost Value.....                                     |                 | \$ 11,964          | \$ 11,964          | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Proceeds.....                                       |                 | \$ 12,905          | \$ 12,905          | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| <b>Turpentine:</b>                                  |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Gallon          | 826                | 826                | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Cost Value.....                                     |                 | \$ 434             | \$ 434             | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Proceeds.....                                       |                 | \$ 249             | \$ 249             | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| <b>Vegetable Oil Products:</b>                      |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Quantity.....                                       | Pound           | 51,134             | 473                | -          | -                          | 26,220     | -                  | -                  | -          | -                                      | -         | 22,860       |
| Cost Value.....                                     |                 | \$ 7,683           | \$ 90              | -          | -                          | \$ 3,682   | -                  | -                  | -          | -                                      | -         | \$ 1,581     |
| Proceeds.....                                       |                 | \$ 3,904           | \$ 13              | -          | -                          | \$ 3,891   | -                  | -                  | -          | -                                      | -         | \$ 298       |
| <b>TOTAL AGRICULTURAL COMMODITIES:</b>              |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Cost Value.....                                     |                 | \$ 2,696,776       | \$ 261,754         | \$ 849,931 | \$ 291,999                 | \$ 99,068  | \$ 7,655           | \$ 142,942         | \$ 220,230 | \$ 4,692                               | \$ 10,373 | \$ 292,688   |
| Proceeds.....                                       |                 | \$ 2,092,390       | \$ 232,450         | \$ 650,986 | \$ 453,632                 | \$ 190,057 | \$ 13,330          | \$ 138,364         | \$ 250,376 | \$ 4,793                               | \$ 4,878  | \$ 345,337   |
| <b>EXCHANGE COMMODITIES:</b>                        |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Cost Value.....                                     |                 | \$ 37,011          | -                  | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| Proceeds.....                                       |                 | \$ 37,677          | -                  | -          | -                          | -          | -                  | -                  | -          | -                                      | -         | -            |
| <b>TOTAL PRICE-SUPPORT PROGRAM:</b>                 |                 |                    |                    |            |                            |            |                    |                    |            |  |           |              |
| Cost Value.....                                     |                 | \$ 2,733,787       | \$ 261,754         | \$ 849,931 | \$ 291,999                 | \$ 99,068  | \$ 7,655           | \$ 142,942         | \$ 220,230 | \$ 4,703                               | \$ 10,373 | \$ 292,688   |
| Proceeds.....                                       |                 | \$ 2,130,067       | \$ 232,450         | \$ 650,986 | \$ 453,632                 | \$ 190,057 | \$ 13,330          | \$ 138,364         | \$ 250,376 | \$ 4,727                               | \$ 4,878  | \$ 345,337   |

\* Omotes negative item usually resulting from adjustment of prior year transactions or inventory gains.

a/ Includes inventory gains, losses and related recoveries.

b/ Includes some sales which may be applied subsequently to barter contracts or P. L. 480, Title I authorizations. Any such reclassification will cause downward adjustments in "Sales for Oilseeds - Export".

c/ Proceeds represent the Corporation's full investment amount charged to the statutory limitation. Investment is computed at values designed to recover for CCC all costs related to these disposals.

d/ Proceeds represent exchange value of strategic or other material to be delivered under contracts.

e/ Commodities delivered as payment in kind for exportation under P. L. 480 are included in P. L. 480 (Export) Titles I and IV columns and are not included in this column.

f/ Includes sales to Section 32 at lower of cost or market for distribution to relief or welfare outlets.

g/ Includes donations under Sections 202, 416, and miscellaneous donations under various other authorizations.

h/ Includes sales of rough rice to processors under conditional contracts providing for repurchase as milled rice by CCC.

i/ Less than five hundred.

j/ Includes sales of crude and once-refined cottonseed oil to processors under conditional contracts providing for repurchase as fully refined oil by CCC.

k/ Includes sales of flaxseed to processors under conditional contracts providing for repurchase as lineated oil by CCC.



Table 5

## TOBACCO PRICE-SUPPORT LOAN ACTIVITY FOR FISCAL YEAR 1964

| Type           | Loans Outstanding |           | Loans Made  |           | Liquidation of |           | Loans Outstanding |           |
|----------------|-------------------|-----------|-------------|-----------|----------------|-----------|-------------------|-----------|
|                | Quantity          | Value     | Quantity    | Value     | Quantity       | Value     | Quantity          | Value     |
|                | (1,000 lbs)       | (\$1,000) | (1,000 lbs) | (\$1,000) | (1,000 lbs)    | (\$1,000) | (1,000 lbs)       | (\$1,000) |
| Burley . . .   | 84,224            | 61,115    | 179,022     | 125,800   | 3,406          | 3,792     | 259,840           | 183,123   |
| Flue-Cured . . | 432,779           | 328,517   | 232,742     | 162,801   | 73,500         | 53,453    | 592,021           | 437,865   |
| Other . . .    | 92,450            | 47,801    | 32,966      | 16,260    | 34,733         | 18,168    | 90,683            | 45,893    |
| Total          | 609,453           | 437,433   | 444,730     | 304,861   | 111,639        | 75,413    | 942,544           | 666,881   |

1. DOLLAR SALES

(a) Commercial Dollar Sales

Commercial dollar sales accounted for 41% of total CCC dispositions during Fiscal Year 1964, a gain of 16% over the 25% for the previous year. (See Table 6).

Dollar sales under the CCC Export Credit Sales Program reached a new high of \$118,102,247. (See Table 7). Commodities most frequently purchased under the CCC Credit Program during Fiscal Year 1964 were wheat, cotton, corn, and grain sorghums.

Domestic dollar sales of corn, peanuts, and soybeans dropped sharply but domestic dollar sales of wheat, non-fat dry milk, grain sorghums, and flaxseed increased. Dollar sales for export of wheat, dairy products, grain sorghums, and flaxseed were up although export dollar sales of corn were down.

Overall commercial dollar sales were 70% above Fiscal Year 1963.

(b) Dollar Credit Sales Under Title IV, PL 480  
Sales Agreements

The export market value of commodities and applicable ocean transportation costs included in Title IV agreements or amendments to agreements entered into during Fiscal Year 1964 is estimated at \$118.1 million. This compares with a total of \$87.2 million in Fiscal Year 1963 and \$56.7 million in Fiscal Year 1962. Exports of commodities under all Title IV government-to-government agreements totaled \$47.7 million in Fiscal Year 1964 compared with \$60.0 million in Fiscal Year 1963 and \$19.4 million in Fiscal Year 1962.

From the date the first Title IV government-to-government agreement was signed in August 1961 through September 1964, a total of 44 agreements, extensions and amendments to such agreements have been entered into with the governments of 18 countries, providing for the export financing of surplus agricultural commodities valued at \$263 million including applicable ocean transportation costs. All but approximately \$6 million of the total is composed of CCC price-supported commodities. About 18 percent of the value of the commodities exported under the Title IV program through June 1964 came out of CCC stocks. The total market value of commodities exported under these agreements, including applicable ocean transportation costs through June 1964 was approximately \$127 million. Through the same date, dollar repayments by foreign governments have totaled \$4.8 million, of which \$3.0 million represented amortization of principal amounts financed by CCC and \$1.8 million was interest.

Table 6

DISPOSITIONS OF CCC INVENTORIES ACQUIRED UNDER  
PRICE-SUPPORT PROGRAMS DURING THE YEAR ENDING JUNE 30, 1964

| DISPOSITION<br>METHOD                           | DISPOSITIONS     | PERCENT OF TOTAL<br>DISPOSITIONS <u>1/</u> <u>2/</u> |
|---|------------------|--|
| (Cost Value in 1,000 Dollars)                   |                  |  |
| Sales for dollars                               |                  |  |
| Domestic  | 261,754          | 10   |
| Export  | <u>849,931</u>   | <u>31</u>  |
| Total   | <u>1,111,685</u> | <u>41</u>  |
| Public Law 480                                  |                  |  |
| Title I   | 291,999          | 11   |
| Title IV  | 7,655            | <u>3/</u>  |
| Barter  | 142,942          | 5  |
| Payment-in-Kind                                 |                  |  |
| (a) Unrestricted use                            | 170,107          | 6  |
| (b) P.I.K. Export                               | <u>220,230</u>   | <u>8</u>   |
| Total   | <u>390,337</u>   | <u>14</u>  |
| Transfers                                       |                  |  |
| Domestic  | 41,703           | 2  |
| Export  | 10,373           | <u>3/</u>  |
| Donations                                       |                  |  |
| Domestic  | 292,688          | 11   |
| Export, including Title II<br>of Public Law 480 | <u>444,405</u>   | <u>16</u>  |
| Total   | 737,093          | 27   |
| <br>TOTAL                                       | <br>2,733,787    | <br>100  |

1/ Fiscal year 1964

2/ Rounded to nearest percent

3/ Less than five tenths of one percent

Table 7

## SALES OF CCC COMMODITIES UNDER THE CCC EXPORT CREDIT SALES PROGRAM

| COMMODITY      | 3/30/56-6/30/61   | 7/1/61-6/30/62   | 7/1/62-6/30/63    | 7/1/63-6/30/64    | Grand Totals<br>3/30/56-6/30/64 |
|----------------|-------------------|------------------|-------------------|-------------------|---------------------------------|
| Barley         | \$ 2,191,167      | \$               | \$ 2,532,498      | \$ 4,664,324      | \$ 9,387,989                    |
| Beans          | 1,947,625         |                  |                   |                   | 1,947,625                       |
| Corn           | 36,245,135        | 22,957,729       | 37,673,668        | 20,157,789        | 117,034,321                     |
| Cotton         | 361,111           |                  |                   | 39,823,310        | 40,184,421                      |
| Dairy Products | 1,383,076         | 12               |                   | 99,812            | 1,482,900                       |
| Grain Sorghums | 14,327,269        | 1,103,585        | 11,191,799        | 27,515,184        | 54,137,837                      |
| Gum Rosin      | 310,300           |                  |                   |                   | 310,300                         |
| Oats           |                   |                  | 188,624           |                   | 188,624                         |
| Peanuts        |                   |                  |                   |                   |                                 |
| Rice           | 2,104,824         |                  |                   |                   | 2,104,824                       |
| Rye            |                   |                  |                   |                   |                                 |
| Tobacco        | 2,712,947         | 20,850           | 8,038,112         | 741,076           | 11,512,985                      |
| Wheat          | <u>14,252,395</u> | <u>8,865,323</u> | <u>16,544,897</u> | <u>25,100,752</u> | <u>64,763,367</u>               |
| TOTALS         | \$75,835,849      | \$32,947,499     | \$76,169,598      | \$118,102,247     | \$303,055,193                   |



TABLE 8

| Commodity       | Beginning Date<br>of Payment-in-<br>Kind Program | Unit  | Quantities from                                  |                            | Quantities<br>Redeemed<br>from<br>CCC Stocks |
|-----------------|--|-------|--|----------------------------|--|
|                 |  |       | Commercial Stocks<br>Earning PIK<br>Certificates | (All Figures in Thousands) |  |
| Wheat           | Sept. 4, 1956                                    | Bu.   | 3,532,291  |                            | 918,776                                      |
| Corn            | May 12, 1958                                     | Bu.   | 463,280  |                            | 142,191                                      |
| Barley          | July 1, 1958                                     | Bu.   | 242,374  |                            | 62,346                                       |
| Oats            | July 1, 1958                                     | Bu.   | 71,414   |                            | 10,006                                       |
| Grain Sorghums  | July 1, 1958                                     | Bu.   | 271,835  |                            | 63,947                                       |
| Rye             | July 1, 1958                                     | Bu.   | 16,946   |                            | 8,908  |
| Rice            | Dec. 15, 1958                                    | Cwt.  | 112,728  |                            | 6,312  |
| Cotton          | May 29, 1958                                     | Bales | 22,199 <sup>a/</sup>                             |                            | 5,723  |
| Nonfat Dry Milk | March 6, 1962                                    | Lbs.  | 458,533  |                            | 1,577  |

<sup>a/</sup> Includes undetermined but substantial quantity purchased from CCC for unrestricted use.

## 2. PAYMENT-IN-KIND PROGRAMS

### (a) Feed Grain Program:

Sales of feed grains under this program accounted for 6% of total CCC dispositions during Fiscal Year 1964. (See Table 6). This program was designed to cut back production of feed grains (thereby reducing CCC costs and costs to the taxpayer) but at the same time also assure feed grain producers improved farm income. The program provides for the voluntary reduction of feed grain acreage from the 1959-60 base. Producers who make the reductions will receive payments for diverting the acreage to conservation uses and will also qualify for price support. Cooperators who make the necessary acreage reductions may be issued certificates which may be redeemed in feed grains or the cooperators may designate CCC as their agent to market their certificates. Non-cooperators are not eligible for price support. Through sale of certificates rights CCC recovers the money paid to producers. Redemptions of certificate rights during the marketing year were made at market prices and are not subject to Section 407 of the Agricultural Act of 1949 which requires that CCC not sell for unrestricted use any basic agricultural commodity or storable non-basic commodity at less than five percent above the current support price plus reasonable carrying charges.

### (b) Export Payment-In-Kind Programs:

Dispositions under these programs accounted for 8% of the total CCC sales and dispositions during Fiscal Year 1964. (See Table 6). This is about twice as high as last year. The increase results primarily from higher redemptions of cotton payment-in-kind certificates. Feed grains continued to be fully competitive in world markets and required no export payment allowances. Quantities of commodities from commercial stocks earning payment-in-kind certificates and quantities of commodities redeemed from CCC stocks since inauguration of the payment-in-kind programs through June 30, 1964 are shown in Table 8.

## 3. BARTER

Barter transactions accounted for approximately 5% of the CCC dispositions during Fiscal Year 1964 as against 3% over last year's total (See Table 6).

The emphasis was upon procurement for other government agencies under barter transactions. In spite of the overall general restriction of barter, wheat, butter, non-fat dry milk, and cotton showed gains.

#### 4. SALES FOR FOREIGN CURRENCIES

Title I sales are largely from privately-owned stocks and thus represent a negligible percentage of CCC's total dispositions. The quantities and values shown in Table 4 under PL 480 Title I column represent amounts of commodities redeemed by certificates earned under payment-in-kind programs for exportation of commodities shipped under Title I, PL 480 except where the commodity is not subject to a payment-in-kind program.

#### 5. TRANSFERS AND DONATIONS

Transfers from CCC inventories to other U.S. government agencies and donations of surplus commodities for domestic and foreign use accounted for approximately 29% of all CCC sales and dispositions. Although transfers were below those of the previous year, domestic and export donations increased by approximately \$80 million. Both transfers and donations were up from last year.

## PART II

### THE METHODS OF DISPOSITION TO BE UTILIZED AND THE ESTIMATED QUANTITIES THAT CAN BE SOLD OR DISPOSED OF DURING THE SUCCEEDING TWELVE MONTHS

The methods of sales and dispositions to be utilized and the estimated quantities that can be moved during the succeeding 12 months in 1964-65 are given in tables on pages 18 through 42 . These tables also reflect the estimated inventories as of June 30, 1965.



## EXPLANATION OF COMMODITY TABLES

Line 1 of each commodity table shows the CCC inventory for that commodity as of June 30, 1964.

Line 2 gives the estimated amount of the commodity which will come into CCC inventory between July 1, 1964 and June 30, 1965.

Line 3 is the sum of lines 1 and 2 and shows the total CCC supplies expected to be available for sale or other disposition during the year-July 1, 1964 through June 30, 1965.

The estimated sales and dispositions through the various methods described in Part I and Appendix I for the Fiscal Year 1965 are given in lines under item 4. A word of explanation is offered concerning dollar sales (line 4 A) and payment-in-kind dispositions. Dollar sales estimates, whether export or domestic, are limited to sales from CCC stocks. Quantities shown for payment-in-kind dispositions likewise come from CCC stocks, but they represent the estimated value of redeemed certificates which will be earned on the export of commodities primarily from commercial rather than from CCC stocks.

Although the tables show sales under Title I these sales are really payment-in-kind dispositions as far as PIK commodities are concerned. They are listed under Title I for reimbursement purposes.

Dispositions under item 4 are all made from CCC stocks.

Line 5 shows the estimated remaining CCC inventory as of June 30, 1965.

The United States Code citations for the various legal authorities briefly cited in these tables are as follows:

|                     |                    |
|---------------------|--------------------|
| P. L. 480, Title I  | 7 U.S.C. 1701-1709 |
| P. L. 480, Title II | 7 U.S.C. 1721-1724 |
| P. L. 480, Title IV | 7 U.S.C. 1731-1736 |
| Section 407         | 7 U.S.C. 1427      |
| Section 416         | 7 U.S.C. 1431      |
| Section 202         | 7 U.S.C. 1446a     |
| Section 402         | 22 U.S.C. 1922     |
| Section 32          | 7 U.S.C. 612c      |
| Section 308         | 7 U.S.C. 1697      |

## COTTON

(Bales)

|   | Upland     | Extra Long Staple |
|---|------------|-------------------|
| 1. CCC Inventory 6/30/64  | 4,403,013  | 37,068            |
| 2. Takeover 7/1/64 - 6/30/65  | 5,996,987  | 97,932            |
| 3. Total available for sale or other<br>disposition during F. Y. 1965<br>(Line 1 plus line 2) | 10,400,000 | 135,000           |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                                 |            |                   |
| A. Dollar Sales - Unrestricted<br>use (both <del>expcrt</del> and domestic)                   | 3,150,000  | 10,000            |
| B. P. L. 480  |            |                   |
| 1. Title I  | 90,000     | 50,000            |
| 2. Title IV   | 10,000     |                   |
| C. Barter   | 250,000    |                   |
| D. Total Dispositions   | 3,500,000  | 60,000            |
| 5. Estimated CCC Inventory 6/30/65  | 6,900,000  | 75,000            |

## WHEAT

|   | (Bushels)   |
|---|-------------|
| 1. CCC Inventory 6/30/64  | 828,850,724 |
| 2. Takeover 7/1/64 - 6/30/65  | 121,149,276 |
| 3. Total available for sale or other disposition during F. Y. 1965 (Line 1 plus line 2) | 950,000,000 |
| 4. Estimated Disposition from CCC Inventory 7/1/64 - 6/30/65                            |             |
| A. Dollar Sales   |             |
| 1. Export   | 25,000,000  |
| 2. Domestic   | 9,600,000   |
| B. Payment-in-Kind  |             |
| 1. Domestic   | 43,000,000  |
| 2. Export   | 5,000,000   |
| C. P. L. 480  |             |
| 1. Title I  | 25,000,000  |
| 2. Title II   | 20,000,000  |
| 3. Title IV   | 2,000,000   |
| D. Barter   | 40,000,000  |
| E. Other (IWA)  | 8,400,000   |
| F. Donations - Export - Sec. 416  | 2,000,000   |
| G. Total Dispositions   | 180,000,000 |
| 5. Estimated CCC Inventory 6/30/65  | 770,000,000 |

# WHEAT FLOUR

|   | (Pounds)      |
|---|---------------|
| 1. CCC Inventory 6/30/64                                      | 3,487,000     |
| 2. Takeover 7/1/64 - 6/30/65                                  | 2,011,513,000 |
| Total available for sale or other                             |               |
| 3. disposition during F. Y. 1965<br>(Line 1 plus line 2)      | 2,015,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65 |               |
| A. P. L. 480 - Title II                                       | 370,000,000   |
| B. Donations  |               |
| 1. Export Sec. 416  | 1,160,000,000 |
| 2. Domestic Sec. 416  | 485,000,000   |
| C. Total Dispositions   | 2,015,000,000 |
| 5. Estimated CCC Inventory 6/30/65                            |               |

# ROLLED WHEAT

|  | (Pounds)    |
|--|-------------|
| 1. CCC Inventory 6/30/64   | 407,500     |
| 2. Takeover 7/1/64 - 6/30/65   | 124,592,500 |
| 3. Total available for sale or other<br>disposition during F. Y. 1965 (Line 1 plus line 2) | 125,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |             |
| A. P. L. 480 - Title II  | 10,000,000  |
| B. Donations   |             |
| 1. Export Sec. 416   | 40,000,000  |
| 2. Domestic Sec. 416   | 75,000,000  |
| C. Total Dispositions  | 125,000,000 |
| 5. Estimated CCC Inventory 6/30/65   |             |

## BULGUR

|  | (Pounds)    |
|--|-------------|
| 1. CCC Inventory 5/30/64   | 78,000      |
| 2. Takeover 7/1/64 - 6/30/65   | 381,922,000 |
| 3. Total available for sale or other<br>disposition during F. Y. 1965 (Line 1 plus line 2) | 382,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |             |
| A. P. L. 480 - Title II  | 75,000,000  |
| B. Donations   |             |
| 1. Export Sec. 415   | 300,000,000 |
| 2. Domestic  | 7,000,000   |
| C. Total Dispositions  | 382,000,000 |
| 5. Estimated CCC Inventory 6/30/65   |             |



## CORN

|   | (Bushels)   |
|---|-------------|
| 1. CCC Inventory 6/30/64  | 735,390,217 |
| 2. Takeover 7/1/64 - 6/30/65  | 224,509,783 |
| 3. Total available for sale or other disposition during F. Y. 1965 (Line 1 plus line 2) | 960,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                           |             |
| A. Dollar Sales   |             |
| 1. Export   | 25,000,000  |
| 2. Domestic   | 60,000,000  |
| B. Payment-in-Kind  |             |
| 1. Domestic (Special Feed Grain Program)  | 291,200,000 |
| 2. Export   | 10,000,000  |
| C. P. L. 480  |             |
| 1. Title I  | 5,000,000   |
| 2. Title II   | 5,800,000   |
| 3. Title IV   | 2,000,000   |
| D. Barter   | 20,000,000  |
| E. Donations - Export Sec. 416  | 1,000,000   |
| F. Total Dispositions   | 420,000,000 |
| 5. Estimated CCC Inventory 6/30/65  | 540,000,000 |

## CORNMEAL

(Pounds)

|   |             |
|---|-------------|
| 1. CCC Inventory 6/30/64  | 682,600     |
| 2. Takeover 7/1/64 - 6/30/65  | 670,817,400 |
| 3. Total available for sale or other<br>disposition during F. Y. 1965<br>(Line 1 plus line 2) | 671,500,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                                 |             |
| A. P. L. 480 - Title II   | 6,500,000   |
| B. Donations  |             |
| 1. Export Sec. 416  | 475,000,000 |
| 2. Domestic Sec. 416  | 190,000,000 |
| C. Total Dispositions   | 671,500,000 |
| 5. Estimated CCC Inventory 6/30/65  |             |



## GRAIN SORGHUMS

|   | (Bushels)   |
|---|-------------|
| 1. CCC Inventory 6/30/64  | 637,585,148 |
| 2. Takeover 7/1/64 - 6/30/65  | 112,414,852 |
| 3. Total available for sale or other<br>disposition during F. Y. 1965<br>(Line 1 plus line 2) | 750,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                                 |             |
| A. Dollar Sales   |             |
| 1. Export   | 75,000,000  |
| 2. Domestic   | 25,000,000  |
| B. Payment-in-Kind - Domestic (Special Feed<br>Grain Program)                                 | 43,000,000  |
| C. P. L. 480  |             |
| 1. Title I  | 1,000,000   |
| 2. Title II   | 2,000,000   |
| 3. Title IV   | 1,000,000   |
| D. Barter   | 8,000,000   |
| E. Total Dispositions   | 155,000,000 |
| 5. Estimated CCC Inventory 6/30/65  | 595,000,000 |

BARLEY

|  | (Bushels)  |
|--|------------|
| 1. CCC Inventory 6/30/65   | 27,908,196 |
| 2. Takeover 7/1/64 - 6/30/65   | 13,091,804 |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 41,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |            |
| A. Dollar Sales  |            |
| 1. Export  | 4,000,000  |
| 2. Domestic  | 5,500,000  |
| B. Payment-in-Kind   |            |
| 1. Export  | 5,000,000  |
| 2. Domestic (Special Feed Grain Program)   | 500,000    |
| C. P. L. 480 - Title I   | 6,000,000  |
| D. Barter  | 2,000,000  |
| E. Total Dispositions  | 23,000,000 |
| 5. Estimated CCC Inventory 6/30/65   | 18,000,000 |

## OATS

|  | (Bushels)  |
|--|------------|
| 1. CCC Inventory 6/30/64   | 33,189,612 |
| 2. Takeover 7/1/64 - 6/30/65   | 3,810,388  |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 37,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |            |
| A. Dollar Sales - Domestic   | 10,000,000 |
| B. Total Dispositions  | 10,000,000 |
| 5. Estimated CCC Inventory 6/30/65   | 27,000,000 |

RYE

|  | (Bushels) |
|--|-----------|
| 1. CCC Inventory 6/30/64   | 766,216   |
| 2. Takeover 7/1/64 - 6/30/65   | 567,784   |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 1,334,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |           |
| A. Dollar Sales - Domestic   | 500,000   |
| B. PIK Export  | 134,000   |
| C. Total Dispositions  | 634,000   |
| 5. Estimated CCC Inventory 6/30/65   | 700,000   |

## RICE

(Hundredweight)

|   | ROUGH     | MILLED    |
|---|-----------|-----------|
| 1. CCC Inventory 6/30/64  | 1,589,133 | 464       |
| 2. Takeover 7/1/64 - 6/30/65  | 3,410,867 | 1,359,536 |
| 3. Total available for sale or other<br>disposition during F. Y. 1965<br>(Line 1 plus line 2) | 5,000,000 | 1,360,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                                 |           |           |
| A. Dollar Sales - Domestic  | 500,000   |           |
| B. Payment-in-Kind  | 1,000,000 |           |
| C. Donations - Domestic - Sec. 416  |           | 1,360,000 |
| D. Total Dispositions   | 1,500,000 | 1,360,000 |
| 5. Estimated CCC Inventory 6/30/65  | 3,500,000 |           |

DRY EDIBLE BEANS

|   | (Hundredweight) |
|---|-----------------|
| 1. CCC Inventory 6/30/64  | 1,426,418       |
| 2. Takeover 7/1/64 - 6/30/65  | 1,023,582       |
| 3. Total available for sale or other disposition during F. Y. 1965 (Line 1 plus line 2) | 2,450,000       |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                           |                 |
| A. Dollar Sales   |                 |
| 1. Export   | 300,000         |
| 2. Domestic   | 50,000          |
| B. Donations - Domestic - Sec. 416  | 1,000,000       |
| C. Total Dispositions   | 1,350,000       |
| 5. Estimated CCC Inventory 6/30/65  | 1,100,000       |

# SOYBEANS

|  | (Bushels)  |
|--|------------|
| 1. CCC Inventory 6/30/64   | 19,244     |
| 2. Takeover 7/1/64 - 6/30/65   | 19,980,756 |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 20,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |            |
| A. Dollar Sales - Domestic   | 20,000,000 |
| B. Total Dispositions  | 20,000,000 |
| 5. Estimated CCC Inventory 6/30/65   |            |



FLAXSEED

|  | (Bushels)  |
|--|------------|
| 1. CCC Inventory 6/30/64   | 10,616,496 |
| 2. Takeover 7/1/64 - 6/30/65   | 5,183,504  |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 15,800,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |            |
| A. Dollar Sales  |            |
| 1. Export  | 6,000,000  |
| 2. Domestic  | 1,500,000  |
| B. Total Dispositions  | 7,500,000  |
| 5. Estimated CCC Inventory 6/30/65   | 8,300,000  |



EDIBLE OILS  
(Soybean and Cottonseed)

|  | (Pounds)    |
|--|-------------|
| 1. CCC Inventory 6/30/64   | 81,957,096  |
| 2. Takeover 7/1/64 - 6/30/65   | 268,042,904 |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 350,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |             |
| A. Dollar Sales - Domestic   | 15,000,000  |
| B. P. L. 480 - Title II  | 75,000,000  |
| C. Donations - Export - Sec. 308 (oils)  | 200,000,000 |
| D. Total Dispositions  | 290,000,000 |
| 5. Estimated CCC Inventory 6/30/65   | 60,000,000  |

PEANUTS

|   | (Pounds)       |             |
|---|----------------|-------------|
|   | Farmers' Stock | Shelled     |
| 1. CCC Inventory 6/30/64  |                | 67,036,991  |
| 2. Takeover 7/1/64 - 6/30/65  | 100,000,000    | 142,963,009 |
| 3. Total available for sale or other<br>disposition during F. Y. 1965<br>(Line 1 plus line 2) | 100,000,000    | 210,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                                 |                |             |
| A. Dollar Sales   |                |             |
| 1. Export   |                | 45,000,000  |
| 2. Domestic   | 100,000,000    | 100,000,000 |
| B. Total Dispositions   | 100,000,000    | 145,000,000 |
| 5. Estimated CCC Inventory 6/30/65  |                | 65,000,000  |

BUTTER AND BUTTER OIL

|   | (Pounds)    |            |
|---|-------------|------------|
|   | Butter      | Butter Oil |
| 1. CCC Inventory 6/30/64  | 183,268,791 | 21,039,840 |
| 2. Takeover 7/1/64 .. 6/30/65   | 244,731,209 | 160        |
| 3. Total available for sale or other<br>disposition during F. Y. 1965<br>(Line 1 plus line 2) | 428,000,000 | 21,040,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                                 |             |            |
| A. Dollar Sales - Export  | 40,000,000  |            |
| B. Transfers to Government Agencies   |             |            |
| 1. Export   | 16,000,000  |            |
| 2. Domestic   | 76,121,000  |            |
| C. P. L. 480  |             |            |
| 1. Title II   | 5,000,000   |            |
| 2. Title IV   | 3,000,000   |            |
| D. Donations  |             |            |
| 1. Export - Sec. 416  | 1,000,000   | 21,040,000 |
| 2. Domestic - Sec. 202  | 30,000,000  |            |
| - Sec. 416  | 117,879,000 |            |
| - Other   | 2,000,000   |            |
| E. Total Dispositions   | 291,000,000 | 21,040,000 |
| 5. Estimated CCC Inventory 6/30/65  | 137,000,000 |            |

CHEESE AND GHEE

|   | (Pounds)    |           |
|---|-------------|-----------|
|   | Cheese      | Ghee      |
| 1. CCC Inventory 6/30/64  | 33,061,909  | 1,588,653 |
| 2. Takeover 7/1/64 - 6/30/65  | 124,438,091 | 347       |
| 3. Total available for sale or other disposition during F. Y. 1965 (Line 1 plus line 2) | 157,500,000 | 1,589,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                           |             |           |
| A. Dollar Sales   |             |           |
| 1. Export   | 2,500,000   |           |
| 2. Domestic   | 1,000,000   |           |
| B. Transfers to Government Agencies - Domestic  | 55,000,000  |           |
| C. P. L. 480 - Title I  | 1,000,000   |           |
| D. Donations  |             |           |
| 1. Export   |             | 1,589,000 |
| 2. Domestic - Sec. 202  | 3,000,000   |           |
| - Sec. 416  | 65,000,000  |           |
| E. Total Dispositions   | 127,500,000 | 1,589,000 |
| 5. Estimated CCC Inventory 6/40/65  | 30,000,000  |           |

NONFAT DRY MILK

|   | (Pounds)      |
|---|---------------|
| 1. CCC Inventory 6/30/64  | 249,700,796   |
| 2. Takeover 7/1/64 - 6/30/65  | 799,299,204   |
| 3. Total available for sale or other disposition during F. Y. 1965 (Line 1 plus line 2) | 1,049,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                           |               |
| A. Dollar Sales   |               |
| 1. Export   | 190,000,000   |
| 2. Domestic   | 15,000,000    |
| B. P. L. 480  |               |
| 1. Title I  | 5,000,000     |
| 2. Title II   | 20,000,000    |
| C. Transfers to Government Agencies - Domestic  | 39,000,000    |
| D. Donations  |               |
| 1. Export - Sec. 416  | 535,000,000   |
| 2. Domestic - Sec. 416  | 164,000,000   |
| 3. Other  | 1,000,000     |
| E. Total Dispositions   | 969,000,000   |
| 5. Estimated CCC Inventory 6/30/65  | 80,000,000    |



## MILK, FLUID

|  | (Pounds)    |
|--|-------------|
| 1. CCC Inventory 6/30/64   |             |
| 2. Takeover 7/1/64 - 6/30/65   | 625,000,000 |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 625,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |             |
| A. Donations - Domestic - Sec. 202   | 625,000,000 |
| B. Total Disposition   | 625,000,000 |
| 5. Estimated CCC Inventory 6/30/65   |             |

# LINSEED OIL

|  | (Pounds)   |
|--|------------|
| 1. CCC Inventory 6/30/64   | 21,000,000 |
| 2. Takeover 7/1/64 - 6/30/65   | 27,000,000 |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 48,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |            |
| 5. Estimated CCC Inventory 6/30/65   | 48,000,000 |

## TUNG OIL

|  | (Pounds)  |
|--|-----------|
| 1. CCC Inventory 6/30/64   |           |
| 2. Takeover 7/1/64 - 6/30/65   | 8,000,000 |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 8,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |           |
| A. Dollar Sales - Export   | 5,000,000 |
| B. Total Dispositions  | 5,000,000 |
| 5. Estimated CCC Inventory 6/30/65   | 3,000,000 |

## HONEY

|  | (Pounds) |
|--|----------|
| 1. CCC Inventory 6/30/64   |          |
| 2. Takeover 7/1/64 - 6/30/65   | 300,000  |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 300,000  |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |          |
| A. Transfers - Domestic - Sec. 32  | 240,000  |
| B. Total Dispositions  | 240,000  |
| 5. Estimated CCC Inventory 6/30/65   | 60,000   |

## TOBACCO

|  | (Pounds)   |
|--|------------|
| 1. CCC Inventory 6/30/64   |            |
| 2. Takeover 7/1/64 - 6/30/65   | 26,000,000 |
| 3. Total available for sale or other disposition<br>during F. Y. 1965 (Line 1 plus line 2) | 26,000,000 |
| 4. Estimated Dispositions from CCC Inventory 7/1/64 - 6/30/65                              |            |
| A. Barter  | 26,000,000 |
| B. Total Dispositions  | 26,000,000 |
| 5. Estimated CCC Inventory 6/30/65   |            |



### PART III

## A DETAILED PROGRAM FOR THE EXPANSION OF MARKETS FOR SURPLUS AGRICULTURAL COMMODITIES THROUGH MARKETING AND UTILIZATION RESEARCH AND IMPROVEMENT OF MARKETING FACILITIES

This part of the report contains illustrative examples of accomplishments in USDA research that may be of special interest to the Congress.

### UTILIZATION RESEARCH AND DEVELOPMENT

Utilization research aimed at expansion of agricultural markets and reduction of processing and distribution costs can increase farm income and consumers' welfare, and can reduce excessive carry-over of farm commodities. To accomplish these objectives, the USDA utilization research and development efforts are directed to: (a) devising less costly, more attractive, and more nutritive convenience-in-use food products; (b) improving functional properties of natural fibers to better meet consumers' desire; (c) developing more economic and more nutritive processed feed products; and (d) seeking broadened industrial uses for agricultural materials.

The Department's utilization research investigations are conducted primarily in Federal facilities consisting of four regional laboratories and ten field stations in the United States. Research is done also through contracts and memoranda of understanding with State Experiment Stations, universities, and industry. Other supporting research is accomplished in research institutions of twenty countries in Europe, Asia, South America, and Australia, through funds generated by the P. L. 480 program (Agricultural Trade and Development and Assistance Act of 1954, 83rd Congress, 2nd Session).

The USDA utilization research and development program--conducted in domestic and foreign laboratories--is a balanced effort of basic and applied research at present principally devoted to the following areas:

Cereal Grains and Forages. Emphasis on development of new uses for corn and wheat, with continuing investigations on rice, barley, oats, sorghum, and alfalfa and other legume and grass forages:

New wheat food products -- such as light-colored, quick-cooking bulgur, cereal "milks" for dietary deficient regions, high-protein rice products -- directed to meet needs of foreign consumers as well as desires of domestic users.

Industrial products from cereal grains, especially derivatives for manufacturing insulating foams, polymeric products for plastics, paper additives for increasing

wet strength, industrially important organic acids, and microbial insecticides.

Use of dialdehyde starch derivatives to improve plywood adhesives, especially to meet the needs of the rapidly expanding Southern pine plywood industry.

Improved feed products through methods for controlling deleterious materials (e.g., saponins) and for increasing desired constituents (carotene, xanthophyll, coumesterol, and other physiologically important chemicals.)

Cotton and Wool. New functional properties imparted to cotton and wool through chemical, physical, and mechanical processing research and development, supported by comprehensive fundamental studies of fiber properties and modification:

Continued development of new wash-wear processes, particularly to improve luster and strength properties.

Development of processes to impart stretch properties to cotton and wool (yarn and fabrics) to offset inroads of synthetic fibers in "stretch" items.

New water- and oil-resistant cotton finishes based on fluorochemicals; improved soil-resistant treatments for wash-wear cottons; more efficient methods for applying the SU-developed durable flame retardant finish, THPC, now being widely commercialized; better methods for short fiber utilization.

Development of more economical chemicals and techniques for the WU-developed Wurlan process now commercially applied to both wool fabric and wool top to give durable easy-care properties.

Fruits and Vegetables. Development of convenience-in-use fruit and vegetable products, and processing equipment for their economic manufacture, augmented by fundamental investigations on factors affecting color, texture, and flavor:

Adaption of the WU-developed foam-mat drying process for commercial production of grapefruit, orange, and other citrus juice powders.

Equipment design and process development to broaden the uses for the new EU explosive puff-drying process, now being commercialized for dehydrated carrots, for other fruit and vegetable products.

Basic engineering studies to improve product quality and to reduce cost in freeze-drying of fruits, vegetables, poultry, and other food products.

Continued development work on the new WU dry-blanch-dry process for improved texture, color, and flavor of dried fruit products.

Commercial adaptation of the SU process for producing dehydrated sweetpotato flakes.

Oilseeds. Principal research on soybean, cottonseed, and linseed oils, meals, and related products, with increasing efforts on castor, safflower, and selected oilseeds resulting from the new crops screening program:

Improved methods for producing the industrially useful aldehyde oils and related products from soybean and linseed oils; continued investigations to expand use of linseed oil derivatives in protecting concrete from erosion, weather, and chemical actions.

Commercial processing evaluation of Crambe, a promising new oilseed for industrial derivatives not supplied by presently grown domestic oilseeds.

Basic studies to improve flavor stability of soybean and other edible vegetable oils; investigation of flavor, nutritional, and flatulence factors of soybean meal for feed purposes.

Studies of halphen acid constituents and solvent extraction procedures to improve nutritional quality of cottonseed meal.

Evaluation of oil and meal products of new varieties of safflower oilseed directed to decreasing hull content and reducing processing costs.

Basic studies for identifying and controlling fungi and fungal metabolites in peanuts and peanut products as related to the possible incidence of aflatoxin.

New derivatives of castor oil for making fire retardant polyurethane foams; improved processing techniques for deal- lergeneration of castorseed and pomace.

Development of intumescent fire-retardant protective coatings based on chemically-modified tung oil products.

New and Special Plants. Investigations directed to develop compositional data on plants from world-wide sources in an effort to find alternate crops to fill needs not now met by domestic sources, and to develop new and more economic uses for domestic special plants:

Research on industrial utilization of new oilseeds, particularly on processing of erucic, epoxy, petroselenic, and



hydroxyconjugated dienoic acid oils, and the development of chemical derivatives from these sources; process to improve flavor and nutrient properties of Crambe meal for feed purposes.

Research on new pulping fiber plants, particularly sorghums, suitable for use in paper and related products.

Improvement of techniques for the processing of sugarcane and sugarbeets, and for manufacturing maple sirup and sorghum sirup; improved honey products; microbial production of organic acids from sugars; improvement of the ARS 15-thousand microorganism collection used for commercial manufacture of antibiotics and other pharmaceuticals, insecticides, and industrial products.

Development of new industrial chemicals from pine gum, turpentine, and rosin.

Chemical composition studies of tobacco and tobacco smoke to assist industry in its search for desired qualities in tobacco products.

Poultry, Dairy and Animal Products. Development of better and more economic food products from milk, poultry, eggs, and meat, and development of new industrial outlets for fats, hides, and other animal byproducts:

New feather removal techniques and studies of post-mortem factors directed to improve tenderness of poultry meat; commercial evaluation of gas-injection spray-drying of eggs, and improved control of Salmonella in egg products.

Improved meat products and better processing methods based upon fundamental studies of flavor, tenderness, microbiological activity, and time-temperature-tolerance stability.

New and improved milk products through studies of flavor stability; new concentrated and dried milk products (both whole milk and non-fat milk); commercial processes for removal of radionuclides from milk products; and improved cheese-making technology.

New uses for animal fats in specialty synthetic detergents with emphasis on development of biodegradable products; in industrial chemical intermediates; and in polymers, plastics, resins, and lubricants.

Development of new processes for imparting water resistance to leather; new and improved leather tanning procedures; and ways to better utilize protein fraction of meat and bone wastes in feed meals.

Dried egg products for use in dry mixes and other convenience foods; better methods for control of Salmonella in egg products.



## EXAMPLES OF RECENT UTILIZATION RESEARCH ACCOMPLISHMENTS

### A. Wheat, Corn, and Other Cereal Grains

Dialdehyde Starch Improves Plywood Glues. The Department's research has produced a superior glue for interior grade plywood for the developing southern pine plywood industry in which the conventional soyflour-based protein-type glues used in douglas fir plywood have proven unsatisfactory. The douglas fir plywood industry, which in the past supplied almost all of the softwood plywood, consumed over 150 million pounds of protein glues in 1963. The softwood plywood production has been increasing about 10 percent per year and future growth will probably come largely from southern pine. The first commercial production of southern pine plywood was in 1963. Addition of the Department-developed dialdehyde starch to conventional protein glues has given good performance with southern pine interior plywoods at about one-half the cost of synthetic glues that have been used to date.

Pretempering Improves Processing of Old or Low-Moisture Corn. Department research has confirmed beneficial effects of pretempering in dry milling of old or low-moisture corn. In the pretempering step, which requires from 10 to 20 hours, moisture in the corn is brought up to a level of about  $15\frac{1}{2}$  percent. The pretempered corn is further tempered and then milled by conventional procedures. Compared to the results obtained when the corn is tempered to the final moisture in one step, both total yield of grits for manufacture of prime goods and yield of flaking grits are increased. Recovery of oil is not significantly altered. The principal disadvantage is that degerminator throughput is decreased. Several corn dry millers are using pretempering and find that it is an inexpensive means of overcoming difficulties encountered with corn that has been stored for long periods.

### B. Cotton

SRRL Fiber Retriever Enthusiastically Accepted by the Cotton Textile Industry. The SRRL Fiber Retriever--a simple, inexpensive Department-developed device that increases a carding machine's efficiency in removing trash from cotton to be spun--is being widely utilized in the cotton textile industry. Released to industry in the Spring of 1963, the device is now being manufactured by 6 companies, and 15 companies have applied for licenses to manufacture it. Over 2,000 units are estimated to be in use and sales are reported to be increasing rapidly. Industry reports that the Fiber Retriever is essential for high production carding; and high production carding is a "must" for the cotton industry to compete with synthetics processing. The Fiber Retriever increases cleaning efficiency at the cleaning section of the card as much as 40 percent and overall cleaning efficiency of the card as much

as 12 percent. High speed production has no adverse effect on the Retriever's performance. In addition to its efficient removal of trash, the device removes a high percentage of short fibers, decreases loss of spinnable fibers, and decreases damage to the fibers. As a result, there are improvements in yarn strength and uniformity. Through use of the new device, processing costs are lowered and maintenance requirements for the card are decreased.

New Wash-Wear Cotton Developments. Wash-wear fabrics continue to be one of the most exciting developments in the cotton industry, with current production in the United States estimated at 2 billion square yards annually. Industry estimates place the total market potential for wash-wear cotton fabrics at 4.5 billion square yards. Department research continues to strengthen the position of cotton in this field. For example, loss of strength in wash-wear cottons -- a serious problem ever since all-cotton wash-wear garments were introduced -- has been greatly minimized by a new technique of mercerizing and stretching the cotton yarn or fabric prior to application of wash-wear chemicals. In other research, Department scientists have developed a process that gives cotton wash-wear fabrics permanent luster and extraordinarily high tearing strength. Another new development involves a class of wash-wear agents called "carbamates". The overall performance characteristics of the carbamate finishes are considered to be better than those of most wash-wear finishes currently in use and at costs comparable to those of some present commercial finishes.

#### C. Fats, Oils, and Naval Stores

Linseed Oil for Curing Concrete. Based on results of cooperative work of the Department with the National Flaxseed Processors Association, linseed oil is finding a constantly increasing use for protecting cured concrete against freeze-thaw deterioration. Currently, research by Department scientists has shown that linseed oil emulsions have considerable promise for spray-type compounds to prevent moisture losses in the curing of concrete. In order to develop optimum strength properties, freshly laid concrete must be protected while curing against loss of water through surface evaporation. Presently this protection is obtained by solid coverings such as polyethylene sheeting or by spraying on an impervious surface coating. Research now underway indicates that the linseed oil applied to freshly laid concrete to aid in curing also acts as a freeze-thaw protective agent, thus giving a dual benefit from its use. The linseed oil is applied as a water emulsion using conventional road-spraying equipment. This development has a potentiality for a new multi-million-pound market for linseed oil.

New Peroxidic Product from Pine Gum Useful in Wide Variety of Applications. A new free-flowing, off-white solid peroxidic product with good industrial potential has been produced from crude pine gum



by Department scientists. This low-cost material is made by chemically modifying the pine gum by a process known as photo-sensitized oxidation. Department research has shown that the pine gum peroxides are suitable for use in the polymerization of vinyl monomers, styrenated casting resins, gum rosin, ester gum and other industrial products. The plastics industry is expected to find the new peroxides highly useful as curing or vulcanizing agents in most products such as vinyl plastics, and casting and laminating resins used in plastic boats and construction panels. Applications in the plastics and rubber industries appear particularly promising, since the new peroxidic product should be considerably less expensive than most peroxides conventionally employed in these industries. The potential market for the new peroxidic products is estimated to be 12.4 million pounds valued at \$6.2 million for 1964, and 17.4 million pounds valued at \$8.7 million for 1969. Several companies are evaluating the new product and some of its derivatives in a variety of industrial applications.

#### D. Poultry Products

Process Developed for Destroying Salmonella in Liquid Egg White. A process has been developed by Department scientists for stabilizing liquid egg white so that it can withstand pasteurization temperatures of 140-143° for 3½ minutes -- a condition necessary for destruction of Salmonella. Previously, adequate pasteurization was not possible because the necessary high temperatures cause coagulation of the egg white. The new process entails treatment of egg white with trace amount of an edible aluminum salt to a concentration of 30 parts per million. Such stabilized pasteurized egg white yields angel cakes of volume and texture equivalent to those prepared with fresh eggs. Successful commercial runs with the new process have been made in two egg processing plants. Nearly 200 million pounds of egg white with a market value of about \$25 million are produced annually in the U. S. The development of this pasteurization treatment is an important step toward the elimination of Salmonellosis food poisoning outbreaks that can be attributed to egg products.

#### E. Dairy Products

New Method for Making Dried Whey in Commercial Use. The foam-spray method for drying cheese whey and other dairy products developed by ARS scientists is now being used by several large manufacturers of cottage cheese to make dry whey for food use. One large company alone can produce 3 million pounds of dry whey annually. The novel feature of the new process is injection of air into concentrated whey immediately before it enters the atomizer in the spray-drying chamber. The resulting dry product is free-flowing and disperses rapidly in contrast to dry whey

produced by conventional spray-drying methods, which tends to be sticky and lumpy and does not reconstitute readily. Industry has found the new type drying equipment relatively inexpensive to install and operate. The entire cottage cheese industry has a potential to produce nearly a billion pounds of dry whey annually. Since most of the cottage cheese whey production has been disposed as a waste material because of lack of a profitable outlet for it, this development represents a large potential for increased income to the dairy industry, and at the same time it tends to alleviate the problem of stream pollution by dairy wastes.

## EXPANDING DOMESTIC MARKETS

### A. Market Potentials for New Products and New Uses

Market potentials research supplies an economic research and service program on new products, new crops, and new uses to maintain and expand markets for farm products and their derivatives. This research aids in the commercial development of new products and uses through evaluations of economic feasibility and potentials. In addition, guides for further research are provided through appraisal of end-use requirements with respect to (1) needs that may be met through new or improved products or derivatives, and (2) the competitive conditions of price, properties, availability, and costs of raw materials.

Research is conducted cooperatively with the four Utilization Research and Development Divisions. This enables the Department to evaluate economic as well as technical factors, and to guide and hasten decisions regarding commercial adoption of products developed by the Department. An ERS economist is stationed at each Utilization Research and Development Division to develop a program of cooperative economic-utilization research and to provide liaison between the Economic Research Service and the Agricultural Research Service.

Past research has helped in expanding markets for products such as potatoes, apples, fats and oils, and rice through commercialization of new products and the provision of market development guides. Benefits have resulted in the form of increased consumption of farm products, new plant investments, and new job opportunities. The following examples are of current work that is progressing in a number of commodity areas.

#### Fats and Oils

a. Continuing evaluations of the economics of using whole soybeans for feed indicate that soybeans converted by heat treatment in certain soybean-producing areas may be the way to obtain high-protein feeds for livestock at low cost without lowering farmer returns. Many soybean-growing areas are also important livestock and poultry feeding areas. Soybean oil normally sells at a higher price than feed-grade tallow because it is an edible fat; feed-grade tallow is not ordinarily used for human consumption. Price premiums of 4 cents a pound or more for soybean oil over feed-grade tallow can be offset by the nutritional, transportation, handling, and processing cost savings offered when soybeans are used this new way. The savings depend largely on location and comparative prices. During the 1962-63 crop year the average price spread between these fats was 3.4 cents per pound. The advantages favoring making a ton of cooked soybeans in various locations in 1962-63 over an equivalent



feed made up of 44 percent soybean meal (with oil extracted) plus prime tallow were as follows: Arkansas, \$8.46; Delmarva, \$20.46; Georgia, \$15.69; and Ohio, \$21.24.

b. A change in the source of data collected by the Bureau of the Census on consumption of fats in feeds reveals that this market is much larger than previously had been reported. Revised figures show consumption of inedible tallow and grease in feeds to have been 76 percent greater in the first quarter of 1964 than earlier reported. Use of 800 million pounds is indicated this year. The feed market now overshadows the soap market as an outlet for inedible fats and oils.

### Grain

A survey has been completed as the first step in appraising the use of freezing techniques to save costs in production and distribution of bakery products. Freezing is being adopted by more and more bakers as experience indicates that cost savings are possible and that fresh quality products can be made available at all times. Investigations are underway to determine factors accounting for price differences for bread between markets, and whether freezing can help to reduce costs in markets where prices are highest.

### Dairy

Studies of low-fat milk indicate that although this product displaces whole and skim milk in the diet of some consumers, it has brought a number of new users of fluid milk. Declines in whole milk consumption have been partially offset by low-fat (2 percent) milk. Further work is underway on other new forms of milk products, such as sterilized concentrate and milks that have been modified with respect to butterfat, non-fat, and total solids content to ascertain the particular markets and uses where it might be advantageous to sell these products.

### Hides and Leather

The growing threat by synthetics has led to intensified research to find ways to improve the competitive position of hides and leather. One avenue of investigation in cooperation with the industry is an appraisal of the economics of a modified hide trim. A field test has been made on 120 hides to determine the feasibility of cutting hides into segments and processing only the highest value portion of a hide. Preliminary analysis indicates there is a significant improvement in tannery efficiency and the grade of finished leather when bellies are removed from a hide prior to tanning.

## Wool

Market study reveals that wurlanized wool developed by WU closely meets requirements for complete launderability which will enable all-wool apparel to compete more effectively with easy-care fabrics. The addition of complete launderability to wool's existing features would find broad acceptance and may offer a means to increase market value and sales of many all-wool apparel items. About 130 million pounds of wool presently go into apparel items in which the complete launderability feature could be applied.

### B. Merchandising and Promotion

A six-market study was initiated in cooperation with the American Dairy Association to determine the impact of increased levels of promotional expenditures on sales of fluid milk. Tabulations of data obtained through May 1964 indicate a positive sales response to increased expenditures.

A survey of organizations engaged in promotion of farm products shows that the number of such organizations increased from 1,132 in 1958 to 1,241 in 1963. Included in the survey were cooperatives, voluntary producer-processor groups, and commissions, boards, etc., established under State-enabling legislation. In addition, 32 State Departments of Agriculture conducted promotional activities in cooperation with commodity groups within the State. Expenditures of all these groups increased from \$67 million in 1958 to \$92 million in 1963. Groups promoting the sale of fruits lead in total expenditures, with 34 percent of the total, followed by dairy groups with 27 percent of total expenditures.

Followup analyses appraising the impact of special promotional campaigns for frozen concentrated orange juice on returns to producers reveal that prices received by growers for oranges are closely related to retail prices of the 6-ounce can of frozen concentrated orange juice. From the 1953-54 through the 1961-62 marketing seasons, a one-cent change in the retail price of frozen concentrated orange juice was accompanied by a change of 25 cents in the per-box price received by orange growers, regardless of whether oranges were used in processing or sold as fresh fruit. Based on an estimate of retail price reduction necessary to obtain the same movement of frozen concentrated orange juice attributable to the special promotional campaign of 1959, the campaign increased grower returns by 25 to 50 cents per box on fruit marketed during the season. Analyses of the sales response to changes in combined advertising expenditures of all groups indicate that for each dollar increase in advertising investments total consumer expenditures for frozen concentrated orange juice increases \$2.50.



In a controlled experiment in cooperation with the Florida Citrus Commission during early 1964, the effects of packaging on retail sales of fresh grapefruit were examined. In tests conducted in 16 supermarkets, sales were higher from displays of packaged grapefruit than from bulk displays. Even greater sales increases were realized when fruit was offered in bags labeled as to origin of fruit or when consumers were offered a choice of either packaged or loose grapefruit.

### C. Public Programs

There has been continuing research on the effect of public food distribution programs on food consumption by children and needy persons. Special emphasis has been placed on the Food Stamp Program which is shifting from a pilot to a national program basis.

A test of the effectiveness of family coupon purchase requirements under the Food Stamp Program was conducted in St. Louis in May-June 1964. Findings from a survey of 836 eligible nonparticipating families indicated that the schedule of coupon purchase requirements was equitable. The survey also provided needed basic information concerning food, shelter, and other expenditures by families in the lowest income levels.

Making school lunches available to children in urban schools in congested low-income neighborhoods where it is not feasible to install a kitchen and lunchroom was also the basis for continuing research. Four forms of lunches meeting nutritional requirements of the National School Lunch Program which can be prepared in a central kitchen were under study. These included the regular plate, tray pack, soup and sandwich, and cold packaged lunches. These forms of lunches are being used in various places.

A survey of the market for food in schools shows that the value of foods received in public elementary and secondary schools during 1962-63 was 56 percent above the level found 5 years earlier. Most of this gain resulted from increased enrollments and more schools offering food services. In addition, there were per capita increases in the money value of consumption in nearly all food categories, and especially in milk, meat, and poultry.

## IMPROVEMENT OF MARKETING FACILITIES

The efficient marketing of agricultural products requires a continual movement of products through a succession of facilities to prepare, store, transport and distribute properly a continuing supply of food and related products. In many cases the products pass through facilities that are inefficient, inadequate, antiquated, poorly designed, equipped and located. This results in much of the inefficiency and high cost of handling operations, causes excessive spoilage and product deterioration, and obstructs the orderly flow of agricultural products from producers to consumers. These inefficiencies are reflected in lower prices to producers, higher prices to consumers, and a greater spread between prices producers receive and prices consumers pay. New technology, increasing population, changing character of marketing system, increasing labor and other marketing costs, public programs such as urban renewal and redevelopment require the construction of new or improved marketing facilities. The complexity of the various types of facilities; the fact that most people who design and build facilities are without experience in such an undertaking; and the widespread effect of such facilities on producer, handlers, and consumers are reasons why public guidance and assistance in planning, improving, and promoting the construction of modernized marketing facilities are necessary.

During the year assistance was provided seven major cities in developing plans for improved handling of food at the wholesale level. Studies in Milwaukee, Pittsburgh, and Baton Rouge are completed--while those in Boston, Springfield, and San Juan are nearly complete. A study in Chicago is underway. In addition, 14 cities received some assistance in improving their marketing facilities during the year. The work in improving marketing facilities is also conducted in areas where farm and food products are produced, processed, or otherwise handled before reaching the consumer. A total of 41 studies were made of such facilities, including 18 facilities for handling and marketing poultry and poultry products, 9 livestock and meat, 6 fruit and vegetable, and 8 wholesale grocery facilities.

Research is being conducted to find ways to transport fresh beef overseas in good enough condition and at low enough cost to permit American beef producers to penetrate European markets. Preliminary studies indicate that American fresh beef can be put down in European markets on a reasonably competitive basis by shipping it hanging in refrigerated van containers or hanging in refrigerated holds of American flag vessels. Also, beef shipped hanging in American flag refrigerated holds can reach European markets in excellent condition, but additional research is needed to test the ability of refrigerated van containers to deliver beef overseas in good condition. Research is continuing

to obtain better information on the costs of transporting beef by both these methods, to get better information on the ability of refrigerated van containers successfully to maintain beef quality, and to find ways to improve performance and to reduce cost in transporting beef to European markets.

Buyers, especially those from foreign countries, have protested against the amount of physical damage to and dockage in grain purchases from the United States. Questions have been raised as to the detrimental effect on grain quality of the equipment used in handling and loading grain. Research is underway to determine the points in marketing channels where physical damage is occurring, to measure the amount of damage at each point, and to improve handling equipment and operating procedures to minimize this damage. Laboratory and field tests will determine the effect on grain quality of such factors as elevator speeds, bucket spacing, spouting arrangements, and the impact of slinging grain against bulkheads or other objects.



## PROMOTION OF EXPORTS

There was a continued expansion in FY 1964 of market development activities. During the fiscal year, 85 new projects totaling about \$16.0 million were approved. Since the beginning of the program, approximately \$86.2 million in USDA funds generated from Public Law 480 have been obligated for cooperative trade projects and trade fairs. Cooperating trade and agricultural groups have obligated themselves to contribute about \$38.4 million from their own resources, bringing the foreign market development program total to about \$124.6 million.

The project agreements cover a wide range of activities, including market analysis, studies of consumer demand, merchandising clinics, exhibits, food processing training schools, promotional contests, cooking demonstrations, tours by foreign groups of U.S. agricultural industries, advertising campaigns, survey teams of commodity representatives, and the production and distribution of various promotional and educational materials.

Studies are being made of foreign food health and sanitation laws to determine the effect they are having on U.S. agricultural exports. A food science mission was sent to Europe to determine the rationale behind the development of these regulations. This activity and a tour of U.S. production and marketing facilities by a German poultry team were carried out directly by the Department of Agriculture.

During 1964 the Foreign Agricultural Service sponsored major trade fair exhibits at London, Glasgow, Hamburg, Paris, and Luxembourg; minor exhibits in Birmingham, Verona, Palermo, and Bari, and participated with private industry or other government agencies at Vienna and Valencia (Venezuela).

In addition two processed food exhibits were held at the London Trade Center, a fruit, leather, and soybean show at the Tokyo Trade Center, a general agricultural show at the newly opened Milan Trade Center, and a large processed food exhibit at the Frankfurt Trade Center.

All trade fairs and trade center market development exhibits were organized in cooperation with United States trade associations. Under this arrangement the emphasis was not on individual United States company brand name promotion, but rather on the basis of promoting all exhibited products on a United States industry-wide basis.

During the latter half of 1964, when the available quantities of meat from traditional suppliers to the European market became scarce and the possibility for increased sales from the United States became apparent two overseas exhibits were changed to give United States meat products added emphasis. In Hamburg and Paris, additional space was devoted to promoting United

States beef and marketing seminars were organized where leading meat traders from Germany and France took part.

## FARMER COOPERATIVES

Farmer cooperatives continued to develop and expand markets for agricultural commodities including surplus products, both through aggressive sales activities in foreign countries and through active participation in advertising programs, trade fairs and other promotional events. In the past few years, nine cooperatives have received the President's E Award for excellent work in developing and promoting export trade.

Cotton marketing cooperatives have become important merchandisers in foreign countries, advertising extensively in foreign cotton trade journals establishing sales agencies, and maintaining agents in important cotton importing countries to help buyers obtain U.S. cotton of the desired quality and staple length. These cooperatives have been exporting around 1.5 million bales of cotton annually.

By forming an export company, 22 regional grain cooperatives have expanded foreign shipments of grain for their farmer-members. These regionals are owned by about 1,600 local co-op elevators. Farmer Cooperative Service worked with a large-scale soybean cooperative in developing a marketing program and facilities including two processing plants to handle up to 83,000 bushels of soybeans per day. A large percentage of the products of these mills will be exported. The Service also assisted a group of 22 cottonseed and soybean oilseed cooperatives in establishing a joint sales agency to market oil and meal. One of its principal objectives is to increase exports of cottonseed and soybean oil and meal. Cooperatives now export some 400 million pounds of cottonseed, soybean, and linseed oil annually.

Dairy cooperatives sell milk products, both directly and through brokers, on a worldwide market. Major **items** exported have been nonfat dry milk, butter, evaporated milk, sterile whole milk, and whole milk powder. Dairy cooperatives have participated in the increased volume of nonfat dry milk and butter exported under the Government's Payment-in-Kind Program.

A cooperative is the United States' largest volume exporter of broilers. Other cooperatives make large exports of turkeys.

Cooperatives have been leaders in the use of advertising to develop and expand markets for agricultural products. One cooperative prepares advertising material in 12 languages to sell citrus products. Cooperatives spend substantial sums for advertising and promoting their members' products. They provide about two-thirds of the funds used by agricultural producer-processor groups for foreign promotion. In addition, another quarter million dollars of cooperatives' funds go into research related to foreign promotion.

The Farmer Cooperative Service provides information and assistance to cooperatives on the development of export programs. The Service conducts several studies each year to advise cooperatives on the organization and operation of joint sales agencies and coordinated marketing programs. These sales agencies and coordinated marketing programs greatly improve the ability of cooperatives to expand the market for their members' products by engaging in export trade.



## FOREST PRODUCTS MARKETING AND UTILIZATION RESEARCH

The Forest Products Laboratory and the regional Experiment Stations of the Forest Service conduct a continuing program of research aimed at developing new uses and expanding markets for wood. Particular emphasis is given to utilization and marketing of surplus low-quality timber, little-used species, and unused residues. Examples of recent work are as follows:

A simple procedure for continuously adding a new starch size to wood pulp was used in studies in cooperation with the Northern Utilization Research and Development Division, ARS at Peoria, Illinois. The starch, a cationic dialdehyde, was developed at the Peoria Laboratories as an outlet for surplus corn. Its electric charge attracts cellulose, hence it is readily added to cellulose fibers in paper without use of other agents commonly required. The starch gives a high degree of wet strength to paper, making it well suited for toweling and similar products, yet is easily decomposed in alkali, thus facilitating its removal and reuse of the fiber.

Studies of the influence of the structure of a carbohydrate molecule on its rate of hydrolysis showed that thermal pretreatment of cellulose samples brought about significant improvement in hydrolysis rate and sugar yield. Experiments demonstrated that the nature and location of substituent groups play an equally important role in the further conversion of wood sugars to furan derivatives. Information concerning the basic mechanism of these chemical reactions has practical applications in approving the outlook for the utilization of surplus wood as a chemical raw material.

The Forest Products Laboratory's neutral sulfite semichemical pulping process, which brought surplus hardwoods into widespread use for papermaking, has been further improved by modifying it to permit relatively low-cost elimination of stream pollutants. The modification is in reality a new process, called bisulfite semichemical pulping, for making corrugating medium and other packaging board products. Magnesium is used instead of the sodium base because the magnesium bisulfite can be recovered by a relatively simple system using a fluidized bed combustion furnace. This recovery system is much less expensive to install than conventional pulp chemical recovery systems, making it practical for comparatively small mills to burn their effluent, thus eliminating pollution problems. A full-scale trial at a corrugating board mill showed that up to 90 percent of the pulping chemical can be recovered, and there is only a small drop in pulp yield. All hardwoods as well as softwoods can be pulped by this method.

Growing popularity of wood shingles and shakes in contemporary houses has brought a major revival of the market for these



products. However, recent fires in California involving many homes with wood shingles and shakes have brought requests for suitable fire-retardant treatments. Waterborne salts currently used as fire retardants are inadequate for shingles because of low resistance to leaching by rainwater. Investigation of a tetrakis (hydroxy methyl) phosphonium-urea and melamine-resin system developed by the Southern Utilization Research and Development Division, ARS, as a washable fire-retardant treatment for fabrics, showed that this waterborne chemical combination polymerizes in the wood to form a resin that is not water soluble. Although not as effective under severe fire conditions as inorganic salts currently used, the chemical-resin system showed excellent promise on wood shingles and shakes, for which fire performance requirements are not extremely high. Excellent results were obtained in modified Schyter vertical panel apparatus, in comparison to untreated shingles. Treated shingles also passed a burning brand test required for Class C roof covering materials. Several companies are now studying this treatment.

A study of factors affecting plant location decisions in four wood-using industries of the northern Appalachians--lumber, furniture, particleboard, and pulp--showed that the cost of wood, labor, and transportation are the most important production factors in deciding the choice of location for new plant facilities. Other factors such as State and local taxes, local financial assistance, and the cost of industrial sites were found to be of much less importance to all four industries. The results of this study will be especially useful to development agencies in selecting industrial prospects and furnishing them with information about the factors most important in their location decision.

A study of mobile homes, made as part of continuing investigations of wood use in residential construction, indicated that mobile homes are a rapidly growing market for wood. Between 1960 and 1963, for example, annual production increased more than 35 percent to 142,870 units. Wood is favored for both framing and interior finish by most mobile home manufacturers. Average wood use per unit includes 1,800 board feet of lumber, and 1,840 square feet (3/8-inch basis) of plywood. Substantial quantities of wood-based insulation board, hardboard, and particleboard are also used. With expected further increases in annual production, and the growing popularity of larger "expandable" and "double wide" units, the outlook for wood use by this industry is bright.

A general analysis of hardwood flooring production and use shows that this industry has consumed about 20 percent of all hardwood lumber produced annually during recent years--

nearly nine-tenths of it the lower grades of red and white oak from the Southern and Appalachian hardwood regions. Use of hardwood flooring per unit of residential construction has been declining steadily, however, since 1955. This loss has been due primarily to the difficulties, real or imagined, of installing hardwood flooring on concrete slabs, and the opinions of architects, builders, and homemakers regarding the relative ease and cost of maintaining wood and other types of floors. Studies are under way to develop factual information about these two factors and to determine opportunities for expanding markets for wood flooring by developing improved systems of installation and maintenance, improved designs, or increased efficiencies in production and marketing.

Furniture manufacture consumes substantial volumes of timber products, and is an especially important market for the Nation's abundant supplies of hardwoods. Recently completed studies show, for example, that more than one-quarter of the volume of hardwood lumber produced in the United States during 1962 was used in the manufacture of furniture. About 80 percent of the lumber used in furniture was hardwood. Due to increased efficiency in using materials; the substitution of metals, plastics, and other materials for wood; changes in styles and designs; and other factors; the volume of wood used in furniture has not increased as rapidly during recent years as has the value of furniture shipments. Nevertheless, the trend in wood use has been upward. In 1960, this industry used 2.3 billion board feet of lumber, 1.0 billion square feet (3/8-inch basis) of veneer and plywood, 304 million square feet (1/8-inch basis) of hardboard and 65 million square feet (3/4-inch basis) of particleboard. Factors of style and frequent design changes give wood some advantages over most competing materials.

PART IV

RECOMMENDATIONS FOR ADDITIONAL LEGISLATION NECESSARY TO  
ACCOMPLISH THE PURPOSES OF THIS SECTION

The Department has no legislative recommendations to submit at this time, but proposals may be submitted at a later date.



## APPENDIX I

### LEGISLATIVE AUTHORITIES FOR CCC DISPOSITION METHODS

#### 1. DOLLAR SALES

##### Domestic

Section 407 of the Agricultural Act of 1949 as amended, places certain restrictions on domestic sales of CCC-owned commodities. Under this section the general rule is that CCC may not sell for unrestricted use any basic agricultural commodity or storable nonbasic commodity at less than five percent above the current support price plus reasonable carrying charges.

Public Law 88-297 permits the delivery of cotton at the market price in exchange for payment-in-kind certificates and rights purchased in the pool under the Cotton Equalization Payment Program which was authorized by the Agricultural Act of 1964.

Public Law 88-26 permits CCC to deliver feed grains, valued at not less than the current loan rate plus reasonable carrying charges, in redemption of payment-in-kind certificates issued under the 1964 and 1965 feed grain diversion and price support programs.

##### Export

Section 407 of the Agricultural Act of 1949, as amended, authorizes the sales of CCC-owned commodities for export without price restriction. Sales for export include sales made on condition that commodities of the same kind of comparable value or quantity be exported in raw or processed form.

Specific authorities with respect to export sales of cotton are as follows:

1. Section 203 of the Agricultural Act of 1956 directs CCC to encourage the export of cotton by offering to make cotton available at prices not in excess of the level of prices at which cotton of comparable qualities is being offered in substantial quantities by other exporting countries. Such quantities of cotton are to be sold as will re-establish and maintain the fair historical share (as determined by the Secretary of Agriculture) of the world market for U.S. cotton.

2. Public Law 87-548 directs CCC to sell for export the foreign-grown extra long staple cotton acquired from the stockpile at prices not less than world market prices, as determined by the Secretary.

3. Public Law 88-638 directs CCC to make available for sale for export domestic extra long staple cotton acquired through price support operations at prices not in excess of prices at which cotton of comparable qualities is being offered by other exporting countries.

#### CCC Credit Program

Under the authority of the CCC Charter Act and to encourage additional export sales for dollars, commercial sales of CCC commodities and tobacco under loan to CCC are made under the CCC Credit Program on a deferred payment basis for periods up to three years. With respect to payment-in-kind commodities, special restrictions are applicable to cash dollar markets. Interest is charged at the rate announced each month by CCC and runs from the period of delivery of the commodities to the U.S. exporter until the end of the deferred payment period. All sales under the program are made to U.S. exporters. In applying for credit, the exporter is required to state the extent to which he will pass on the credit to foreign buyers. An assurance of payment from a U.S. bank is required for all purchases.

#### Title IV, Public Law 480

Title IV, Public Law 480, approved September 1, 1959 provides for long-term supply and dollar credit sales of U.S. surplus agricultural commodities. Major objectives of this title are to stimulate and increase the sale of U.S. surplus agricultural commodities for dollars through the extension of credit which will assist in maximizing U.S. dollar exports of such commodities, develop foreign markets for U.S. agricultural commodities and assist in the development of the economies of friendly nations.

Under Title IV of PL 480, the President may enter into long-term supply and credit agreements with the governments of friendly nations and the Secretary of Agriculture may enter into similar agreements with the U.S. or foreign private trade. Under the legislation, such agreements may provide for delivery of U.S. surplus agricultural commodities over periods up to 10 years. Dollar repayment over periods of up to 20 years is authorized.

Interest is charged from the date of last delivery of commodities under the agreement in each calendar year. Rates of interest, as determined by the Secretary of Agriculture, may not be set at less than the minimum rate specified in the Foreign Assistance Act for dollar repayable development loans. This rate is  $2\frac{1}{2}\%$  per annum commencing not later than 10 years following the date on which funds are initially made available under the development loan, during which 10 year period the rate of interest shall not be lower than 1% per annum.



To be eligible for export under a Title IV sales agreement the commodities must be agricultural commodities or products thereof produced in the United States and determined by the Secretary of Agriculture to be in surplus in accordance with the PL 480 legislative provisions namely: They must be in excess of domestic requirements, adequate carryover, and anticipated exports for cash dollars and must be in surplus at the time the commodity is actually exported. Eligible surplus agricultural commodities include these under CCC price support as well as others not under CCC price support.

In accordance with U.S. cargo preference legislation (Public Law 664), not less than fifty percent (50%) of the total tonnage of commodities exported under a Title IV agreement must be shipped on U.S. flag vessels.

#### A-Government-to-Government Agreements

##### Program Policies:

Country Eligibility. Although the Title IV legislation authorizes sales agreements with the government of any nation friendly to the United States, government-to-government agreements are, as a general rule, limited to the less highly developed countries. Eligibility of any friendly nation is generally determined on the basis of the country's financial status and its ability to undertake purchases of surplus agricultural commodities on a dollar basis. Due consideration is given to the use of the commodities and credit in connection with the country's economic development, the ability of the country to purchase commodities under a Title IV agreement without displacing commercial imports from the U.S. and other friendly supplying countries, and other relevant factors.

In order to supply certain commodities which because of limited surplus supply are eligible for programming under Title IV but not under Title I, Title IV sales programs may be used in addition to Title I programs in the case of countries which are otherwise eligible primarily for foreign currency rather than dollar credit sales programs.

Supply and Payment Periods and Interest Rate. The supply period is generally limited to three years. The payment period and interest rate are determined on a case-by-case basis, the general rule being that the payment period and interest rate are set in relation to the country's financial situation, stage of economic development and other similar factors. The legislation provides that payments in dollars may be made in reasonable annual amounts over periods not to exceed 20 years from the date of last delivery of commodities in each calendar year.

The initial payment of principal may be scheduled as late as two years after the date of last delivery of commodities in each calendar year under the agreement. Prepayment of principal and interest is permitted if the other government desires to retire the obligation at a faster rate.

Interest rates under Title IV government-to-government sales agreements are generally related to the country's financial situation. In the case of more highly developed countries with relatively favorable financial positions, the interest rate is generally set at the cost of funds to the U.S. Treasury. In the case of developing countries, it is generally set at the same rate charged in dollar repayable loans for economic development under the Foreign Assistance Act. The maximum period of principal deferment under a Title IV sales agreement is two years from the date of last delivery in each calendar year. Interest is charged on all shipments in each calendar year from the date of last shipment of any commodity under the agreement in such calendar year.

Agreements. Title IV agreements set forth the commodity composition, financing terms and conditions, general undertakings and other requirements. Title IV programs, as appropriate, include provisions to assure that commercial exports of the United States will be maintained and that the supply of commodities under the agreement do not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries. The sales agreement also provides that the commodities purchased under the agreement are for domestic consumption within the purchasing country and shall not be transshipped or re-exported. As appropriate, agreements also provide for limitations on exports of the same or like commodities, or primary products thereof, during the period covered by the Title IV agreement.

As a general rule, negotiation of a Title IV agreement includes a formal understanding that the two governments shall agree on the use of the local currency proceeds from the sale of commodities under the agreement. In some cases, this mutual agreement on proceed uses is specifically set forth at the time the agreement is entered into. In others, only a general understanding is reached at the time the agreement is entered into that the two governments shall mutually agree on the use of the local currency sales proceeds with specific understandings for implementation of the general understanding to be worked out at a later date. These understandings, particularly in those instances where interest rates have been set at less than the cost of funds to the U.S. Treasury, generally would include specific understandings providing for mutual agreement with regard to interest rates and other terms of any relenting to private or non-governmental entities of the local currency proceeds from the sale of Title IV commodities within the purchasing country.



## B-Private Trade Agreements

### Eligibility of Private Trade Entities

Any private trade entity of the United States or friendly foreign countries which otherwise meets program requirements is eligible to enter into an agreement with the Commodity Credit Corporation (CCC). An entity may be an individual, firm, partnership, corporation, cooperative, or association engaged in private enterprise or non-governmental activity. As a general rule, agreements will be entered into with the private entity which will utilize the benefits of the credit in carrying out projects or programs as set forth in the agreement.

### Eligibility of Countries

Under the Title IV legislation exports of surplus agricultural commodities under a private trade agreement may be made to any nation friendly to the United States provided such exports do not displace cash sales which would otherwise be made. In the case of highly industrialized countries which are major commercial markets for the United States, it would be difficult, as a general rule, to establish that exports under a Title IV, PL 480 private trade agreement would be additional to commercial sales. Therefore, it is not contemplated that favorable consideration can be given to proposals involving export of agricultural commodities to such countries. Commodities under this program may be exported only to countries specified in the agreement and shall not be transshipped or re-exported.

### Supply Periods

Supply periods are determined on a case-by-case basis and generally are not authorized for periods in excess of three years. Longer supply periods (within the maximum of 10 years as provided in the legislation) may be authorized where the commodity supply situation permits such longer-term programming and the specific proposal for such longer supply period is otherwise deemed essential to the accomplishment of the project and the purposes of the legislation.

### Maintenance of Commercial Sales

Private trade entities are required to provide appropriate assurances that exports under a private trade agreement will not interfere with commercial exports of the U.S. and countries friendly to the U.S. which have an historic record of exports to the country to which exports of commodities under the private trade agreement are to be made. Therefore, exports of commodities under this program to the countries specified in the agreement must be additional to the normal commercial exports of such commodities from the United States and friendly historic supplying nations.

## Assurance of Payment

Payment of dollar amounts financed by CCC under private trade agreements shall be secured by assurers determined by CCC to be acceptable to act in this capacity. The security shall be in the form of an irrevocable commitment by the assurer that, in the event of default by the private trade entity on any scheduled annual payment, the assurer will make payment of the principal in default with interest thereon. Assurers may be United States banks or financial institutions, foreign private banks or financial institutions located in a friendly nation, central banks or governmental financial agencies or the governments of friendly nations. In addition, depending on the particular circumstances, the assurers may be required to also secure performance of other provisions of the agreements. CCC prefers that the assurance of payment by foreign banks or financial institutions be advised by or through a United States Bank.

## Payment Periods

Payment periods are set on a case-by-case basis, the period for a particular private trade agreement being related to the specific project or projects to be undertaken under the agreement. Under the legislation, the maximum period over which payments may be made for all deliveries of commodities in a particular calendar year is 20 years from the date of last delivery of any commodity exported under the agreement in such calendar year.

## Interest Rates

The interest rate is generally set at the cost of money to the U.S. Treasury for a comparable maturity. The interest rate is fixed at the time the agreement is entered into, such rate continuing for the life of the agreement.

## Payment of Principal and Interest

Payment of the principal amount due for commodities and other costs financed by CCC such as ocean transportation must be made in approximately equal annual amounts, the first payment being due on the date specified in the agreement which in no event can be set later than December 31 of the year following the calendar year in which commodities are exported. Subsequent annual payments are due on the anniversary date of the first payment.

Interest on principal amounts financed by CCC covering shipments in each calendar year is charged from the date of last delivery of commodities in each calendar year. Interest on the unpaid balance must be paid annually not later than the date on which the annual payment of principal becomes due.



## Purposes for which Credit may be Utilized - The Project

Title IV, PL 480 private trade agreements require that local currency proceeds from the sale of commodities supplied, or other benefits derived from credit extended, under such agreements are to be used only for private enterprises or other non-governmental projects as specifically set forth in the agreement, which will accomplish one or more of the following objectives: (1) expand dollar exports of U.S. surplus agricultural commodities, (2) develop foreign markets for such commodities, or (3) assist in the private sector of economic development of friendly nations. Relatively short term credit which would provide working capital assistance for foreign importers or users of the commodity to expand their activities and in turn their dollar purchases of U.S. agricultural commodities, is an acceptable project.

Preference is given to projects which will build additional outlets for U.S. agricultural commodities such as facilities for food processing and distribution and other supporting facilities and services essential to efficient and economical marketing.

### Additional Information Available

Further information in regard to Title IV program policies and procedures may be obtained from the Office of the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250.

A copy of the Title IV regulations may be obtained from the Program Operations Division, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250. Requests to be placed on the mailing list for announcements of agreements entered into and issuances of purchase authorizations thereunder should also be addressed to the Program Operations Division.

### Section 32 Funds

Long standing authority for encouraging export is found in Section 32 of PL 320, as amended, 74th Congress, approved August 24, 1935. This Act appropriates an amount equal to 30 percent of gross customs receipts for each calendar year, for use to the succeeding fiscal year, to "encourage the exportation" and domestic consumption of agricultural commodities and for other purposes. Section 205 of the Agricultural Act of 1956 authorized the appropriation for each fiscal year beginning with the fiscal year ending June 30, 1957 of \$500 million to enable the Secretary of Agriculture to further carry out the



provisions of Section 32, subject to all provisions of law relating to the expenditure of funds appropriated by such Section, except up to 50 percent of the \$500 million may be devoted during any fiscal year to any one agricultural commodity or the products thereof. Since January 1, 1950 a carry-over of up to \$300 million of unexpended funds has been authorized. The Agricultural Act of 1949 directed that Section 32 funds be used principally for perishable "non-basic" commodities other than those designated to receive mandatory support under the 1949 Act.

Export programs under Section 32 are announced after the Secretary of Agriculture finds that a surplus exists. Export allowances are paid to commercial exporters following the export of privately-owned commodities. Only a small portion of the available Section 32 funds has been used for **export** allowances in recent years. Currently, Section 32 funds are being utilized to encourage the export of U.S. tobacco of certain years production.

## 2. BARTER

Without limiting the general authority contained in the Commodity Credit Corporation Charter Act several legislative authorities specifically cover barter by CCC of commodities for strategic materials or for certain other materials, goods, and equipment. Section 4(h) of the Charter Act authorizes the barter of CCC commodities for strategic and critical materials produced abroad. Section 303 of the Agricultural Trade Development and Assistance Act of 1954, as amended, provides that the Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for off-shore construction programs. Section 416 of the Agricultural Act of 1949, as amended, authorizes CCC to (a) make its commodities available to any federal agency for use in making payment for commodities not produced in the United States, or (b) barter or exchange such commodities

for strategic or other materials as authorized by law. Also see Public Law 765, 83rd Congress, as amended. 1/

Recently, a thorough review of the barter program was made by the Executive Stockpile Committee (membership appointed by the President). Based on recommendations by the Committee, and approved by the President greater emphasis than in the past will be given to the use of barter for the procurement of non-strategic-material items which meet approved program requirements of U. S. Government agencies within funds currently available or within procurement authority which extends over a period of years and for which dollars would normally be spent abroad.

### 3. SALES FOR FOREIGN CURRENCIES 2/

Title I, Public Law 480, as amended, authorizes sales of U.S. surplus agricultural commodities for foreign currencies. These sales are made through private trade channels pursuant to Government-to-Government agreements with friendly nations. Public Law 88-638 extended Title I of PL 480 for an additional three years through December 31, 1966 but placed a limitation of \$2.5 billion for any one calendar year. The requirement that the exchange rate applicable to Title I sales be as favorable as those at which U. S. agencies can buy foreign currency was added by this law.

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1/ Section 407, Public Law 765, 83rd Congress, as amended, authorizes the Secretary of Defense to construct or acquire by lease or otherwise family housing for occupancy as public quarters in foreign countries through the use of foreign currencies in accordance with provisions of PL 480, or through other commodity transactions of CCC. Reimbursement is made to CCC by the Department of Defense from savings in Quarters Allowance. Section 420 of Public Law 86-149 directs the Department of Defense in carrying out any project authorized by that Act or any other Military Construction Act, to utilize foreign currencies acquired under Public Law 480-83rd Congress to extent available and feasible in lieu of dollars and to reimburse Commodity Credit Corporation for any foreign currencies so utilized.

2/ Section 402 of the Mutual Security Act of 1954, as amended, required that a specified amount of Mutual Security Act appropriated funds be used to finance the sales and export of surplus agricultural commodities produced in the U. S. Mutual Security Act programs were administered by the International Cooperation Administration (ICA). Except for a minor amount of transfers to ICA, CCC received dollars for ICA-financed purchases of commodities from CCC. Such sales are included in CCC dollar sales.



#### 4. TRANSFERS AND DONATIONS

##### Domestic

There are a number of different authorities under which domestic transfers and donations are made. Purchases are made from private stocks and from CCC inventories under Section 32, Public Law 320, 74th Congress, as amended, and supplemented. This legislation authorizes the donations of agricultural commodities and products for relief and school lunch program purposes.

Section 416 of the Agricultural Act of 1949, as amended, authorizes CCC, in certain circumstances, to donate food commodities acquired through price support programs to the Bureau of Indian Affairs and to federal, state, and private agencies for use in the United States in non-profit school lunch programs and in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent needy persons are served.

Clause (1) of Section 9 of the Act of September 6, 1958, authorizes areas under the jurisdiction of administration of the United States to receive from the Department of Agriculture for distribution, on the same basis as domestic distribution in the United States, surplus commodities donated pursuant to Section 32 of the Act of August 23, 1935, as amended, and Section 416 of the Agricultural Act of 1949, as amended.

Public Law 86-756, as amended by Public Law 87-179, authorizes schools receiving surplus foods from the Department for school lunch purposes to use such foods in training high school students in home economic courses. It also provides that such schools may use the donated surplus foods to train college students if the same facilities and instructors are used to train college students in home economic courses.

Section 407 of the Agricultural Act of 1949, as amended, directs CCC to make available farm commodities or products for use in relieving distress in areas determined by the President of the United States to be acute distress areas because of unemployment or other economic causes and also in connection with any major disaster determined by the President of the United States to warrant assistance under Public Law 875, 81st Congress.

Public Law 87-127 amended Section 407 to permit more expeditious relief, in that the Secretary can make feed owned

or controlled by CCC available for foundation herds at not less than 75% of the current support price when it is determined by the Secretary that an emergency exists. Public Law 86-299 permits the sale of such feed in such areas at not less than the current support price for other livestock of persons who cannot obtain sufficient feed without undue financial handicap.

Public Law 654, 84th Congress, directs CCC to make available to the Secretary of Interior grains acquired through price support operations as the Secretary of Interior may requisition for the purpose of preventing crop damage by migratory waterfowl.

To the extent that such quantities are in excess of usual commercial purchases, Section 202 of the Agricultural Act of 1949, as amended, directs CCC to make its stocks of dairy products available to the armed services and to veterans' hospitals without charge, except that such agencies shall pay CCC for the cost of packaging.

Section 210 of the Agricultural Act of 1956 authorizes CCC to donate food commodities acquired through price support programs to federal penal and correction institutions, and to State correctional institutions for minors other than those in which food service is provided for on a fee, contract, or concession basis.

Public Law 87-152 authorizes the Secretary of Interior to requisition grain from CCC for the purpose of feeding migratory birds when threatened with starvation and authorizes the use of CCC owned grain by the States for emergency use in the feeding of resident game birds and other resident wildlife.

### Foreign

Section 416 of the Agricultural Act of 1949, as amended, authorizes CCC, in certain circumstances, to donate commodities acquired under the price support programs to non-profit voluntary agencies and to intergovernmental organizations for use in the assistance of needy persons and in non-profit school lunch programs outside the United States.

Clause (2) of Section 9 of the Act of September 6, 1958, authorizes Commodity Credit Corporation to purchase products of oilseeds and edible oils and fats and the products thereof and to donate the same to non-profit voluntary agencies, other appropriate agencies of the Federal Government or international organizations for use in the assistance of needy persons and in non-profit school lunch programs outside the United States.



Section 308 of PL 480, as amended, authorizes CCC to donate for foreign relief and foreign non-profit school lunch programs, fats and oils from its stocks or such quantities of fats and oils purchased by CCC as the Secretary determines will tend to maintain the support levels for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480) directs CCC to make available to the President of the United States commodities for donation to friendly nations and friendly but needy populations without regard to the friendliness of their governments to meet famine or other urgent or extraordinary relief requirements. Public Law 88-638 extended the authority contained in Title II through December 31, 1966.

#### 5. PAYMENT-IN-KIND PROGRAMS

Payment-in-kind export programs have been developed through authority of the CCC Charter Act.

During the 1962-63 cotton marketing year, CCC continued the "payment-in-kind" export program on upland cotton. To encourage exports through usual commercial trade handling, subsidy payments in the form of negotiable certificates computed at the rate of 8.5 cents per pound of cotton exported were made to exporters who shipped eligible cotton. Certificates could be used to pay for cotton purchased under CCC sales programs in repayment of CCC loans or under certain conditions in cash. A payment-in-kind program similar to that for 1962-63 is in operation for upland cotton exported during the 1963-64 marketing year. The announced rate is subject to change without prior notice.

Public Law 87-5 provided for payment-in-kind to producers for the diversion of corn and grain sorghums acreage under the 1961 Feed Grain Program.

Other payment-in-kind export programs were carried out in the same manner as reported last year. In November 1963 butter and milk-fat products were added to the payment-in-kind program for nonfat dry milk.





